Photon Energy Group

Photon Energy N.V.

Annual Report 2023

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Photon Energy Group

Clean energy and water. The fundamentals of life.

Founded in **2008**

Active in **15+ countries**

340+ employees

1.2 GWp PV projects in development

127.3 MWp proprietary portfolio

650+ MWp O&M portfolio

139.8 GWh of clean energy produced in 2023

Shares traded in **Poland, Germany** and **the Czech Republic**

58,286 tonnes of CO_2e emissions avoided in 2023

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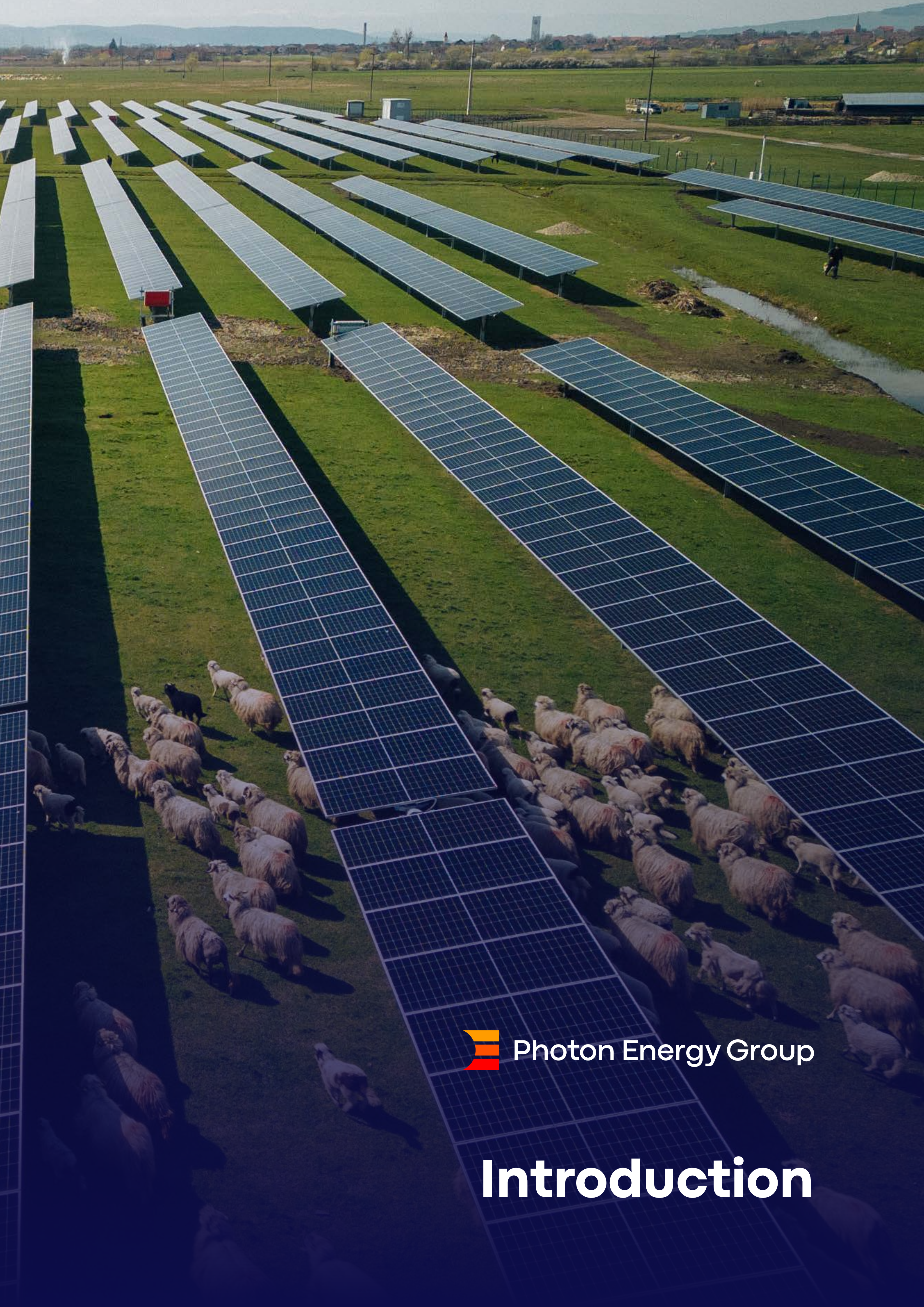
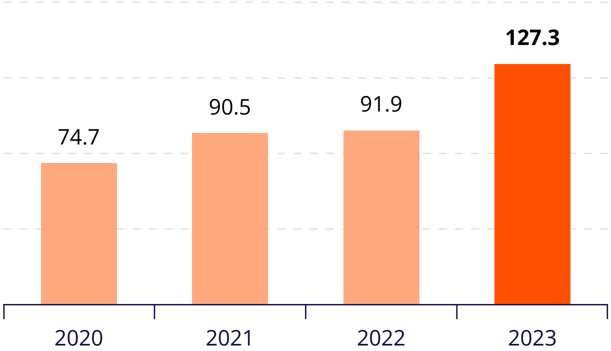
Teiuș, Romania


Photon Energy Group
Introduction

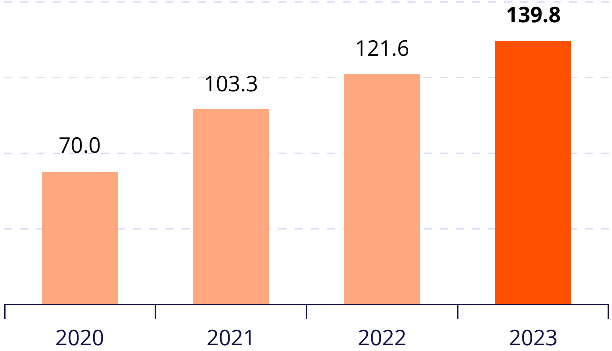
Facts and Figures

Operational & Financial

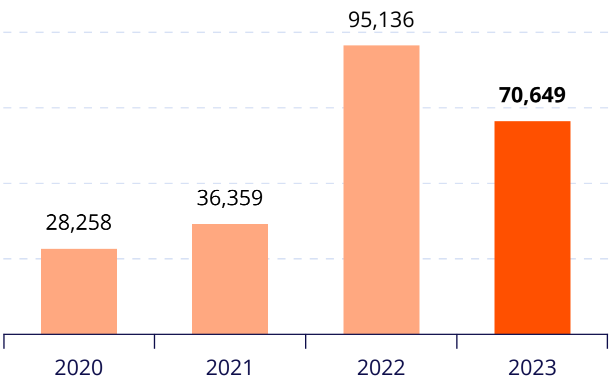
IPP Portfolio *(In MWp)*



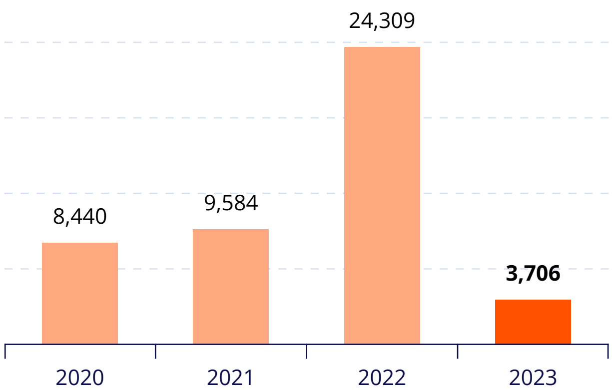
Energy Generation *(In GWh)*



Total Revenues *(In thousands of EUR)*

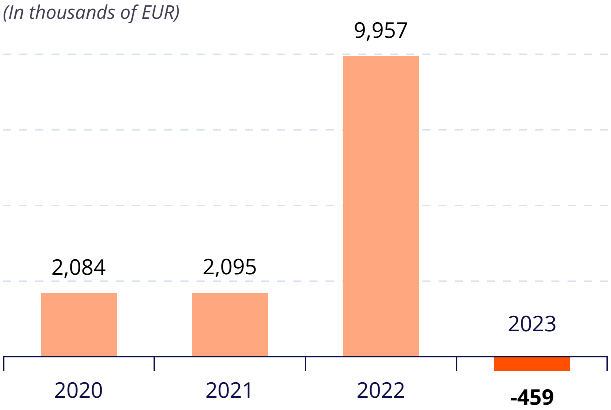


EBITDA *(In thousands of EUR)*

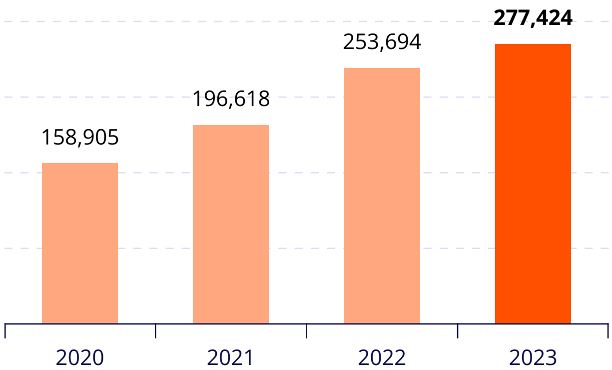


Total Comprehensive Income

(In thousands of EUR)

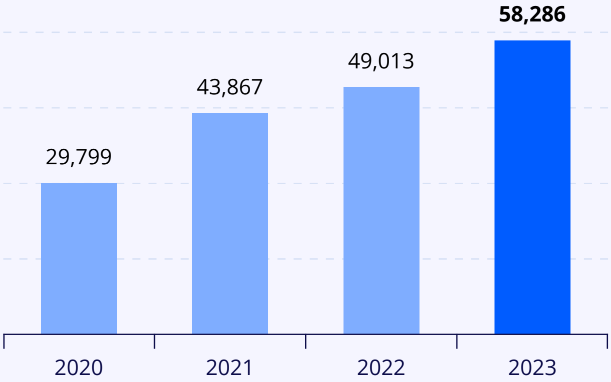


Total Assets *(In thousands of EUR)*

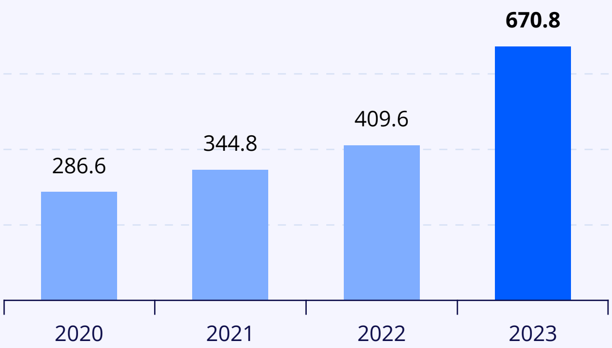


Environment, Social Conduct & Governance

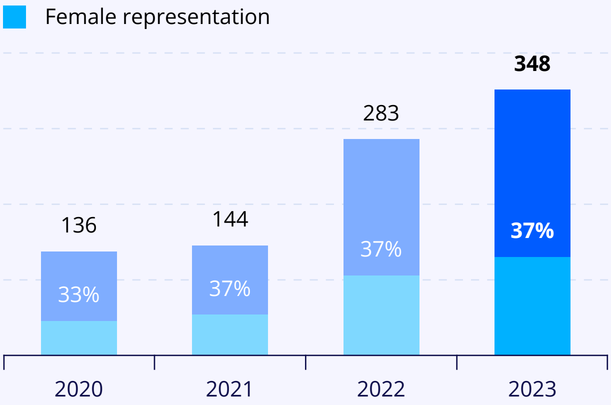
GHG emissions avoided *(In tonnes of CO_2e)*



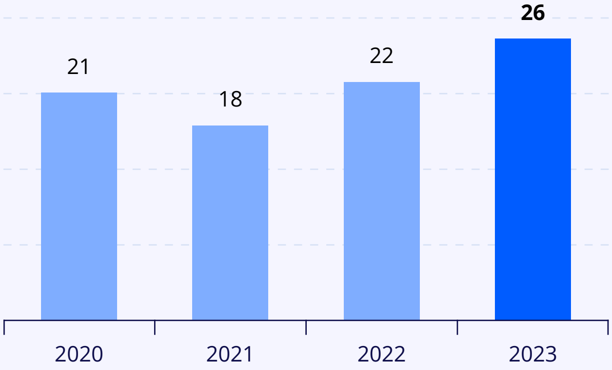
Scope 1 & 2 emissions *(In tonnes of CO_2e)*



Number of Employees



Nationalities



Letter from the Management

Co-founder and CEO Georg Hotar (L) with co-founder and CTO Michael Gartner (R)

As we continue to witness a steady rise in the deployment of PV installations, our company remains steadfast in its commitment to sustainability. For over fifteen years, we have been actively contributing to this crucial journey towards a greener future. Our dedication to this ambitious goal remains unwavering.

Where Are We Heading?

According to the International Energy Agency (IEA), in 2023, solar PV alone accounted for three-quarters of renewable capacity additions worldwide. The IEA estimates that thanks to low generation costs compared to fossil and non-fossil alternatives in most countries, PV and wind power will continue to be major drivers of capacity expansion in the next five years. Solar PV and wind additions are forecasted to more than double by 2028 compared with 2022, according to the IEA. Our goal is to keep up with this pace, and by growing our business, contribute to global sustainability goals in the face of climate change.

A Year of Challenges

2023 was a challenging year, with a turbulent macroeconomic and geopolitical situation, high inflation and high interest rates. On the energy market, we observed falling energy prices and fierce competition in PV component trading. Our operational results were negatively impacted by delays in the commissioning of our new power plants in Romania, lower production yields, and unfavourable weather conditions. In addition, the integration of Lerta presented challenges, and filling the vacant CFO position took longer than anticipated.

Major Milestones

Despite these adversities, we managed to achieve the largest increase in generation capacity in the history of Photon Energy Group, with a total capacity of 35.4 MWp commissioned within the year. An additional total capacity of 16.2 MWp was technically constructed and in the commissioning process at the start of 2024.

Another major achievement in 2023 was securing capacities for Demand Side Response (DSR) in Poland, positioning us to deliver 389 MW of contracted DSR services, with contracted revenues of approximately EUR 26 million in 2024. DSR contracts will contribute positively to our bottom line and become the second largest revenue pillar within the Group.

Our EPC business for commercial and industrial (C&I) clients also expanded last year, with revenues nearly doubling those of 2022. Significant ongoing contract negotiations for 2024 continue, mainly in Australia, the Czech Republic and Romania. In January 2024, we signed our first 20-year on-site Power Purchase Agreement (PPA) with FORVIA Clarion Hungary for the construction of a 658 kWp PV power plant. We expect behind-the-meter contracts such as this to become another significant growth driver going forward.

Our O&M segment, which has historically increased by low-double digits annually, flourished in 2023, expanding its contractual portfolio by nearly 300 MWp, 77.3% year-on-year.

Last but not least, in the segment of PFAS remediation we have seen positive developments as well. Our pilot trial with the Australian Department of Defence demonstrated a reduction in PFAS concentration of up to 80–100% from initial levels. This proves the efficacy of our proprietary in-situ nano-remediation technology in addressing PFAS contamination and we intend to accelerate our commercialisation efforts in 2024.

Financial Results

Our 2023 results were not what we wished for, nor what we promised at the beginning of the year. In 2023, we recorded consolidated revenues of 70.649 million EUR (-25.7% YoY) compared to 95.136 million EUR the previous year. Revenues from electricity generation amounted to 21.407 million EUR, marking a decrease of -39.3% YoY, mainly due to the factors outlined above. Other revenues declined -17.8% to EUR 49.242 million, as revenues from our New Energy division (DSR, energy trading and balancing) as well as EPC and O&M contracts compensated significantly for the contraction of our PV technology trading business, although not fully due to a very high base.

Consolidated EBITDA for 2023 decreased to 3.706 million EUR compared to 24.309 million EUR the previous year, marking a decrease of -84.8% YoY. EBIT dropped from 16.985 million EUR in 2022 to -5.196 million EUR in the period under review.

At the net income level in 2023, the Group recorded a loss of -15.750 million EUR compared to a profit of 6.262 million EUR the previous year. In addition to the decline in revenues and the deterioration in profitability, this was affected by higher financial costs resulting from increased levels of bank financing.

Looking Ahead

We expect 2024 to bring a financial turnaround from the top down to the bottom line. In order to stabilise generation revenues and mitigate the risks of further energy price fluctuations, we have taken a decision to return to feed-in tariffs in the Czech Republic and Hungary. Revenues from DSR services will triple year-on-year resulting in our New Energy division becoming profitable this year. EPC revenues from C&I clients will increase further compared to the level achieved in 2023 thanks to a backlog of contracts already signed or under negotiations. Growth of revenues from the O&M segment will be driven by our recent capacity expansion, while the bottom line for this segment might finally turn green for the first time in our history. We also expect to monetise our project development efforts and finalise the sale of PV projects in Romania and Poland.

In other segments which include water, we can realistically expect our first commercial projects related to PFAS to be concluded in Australia and Europe during the course of 2024. As a result of the promising outcomes of our recent projects and the growth potential in this sector, we will be launching a new brand in 2024 dedicated to this segment: Photon Remediation. The environmental remediation solutions delivered by Photon Remediation will continue to be run by our current Photon Water team, but we believe that this addition will provide a cost-effective opportunity for us to publicise our patented technology and allow us to present a unique brand with a concentrated focus in this rapidly evolving area.

We are working towards becoming a self-sustaining business based on what we sell and deliver to our external clients in a recurring manner, with the spirit that has turned Photon Energy Group and its business lines into respected brands in the markets where we operate. We aim to expand recurring stream of revenues through the combination of high-performance PV generation and storage assets, combined with the enhanced ability to access the full revenue stack available to grid-connected energy storage assets.

We would not be here today without our stakeholders

At the foundation of our success are Photon Energy Group's team of employees. It is their commitment and goal-oriented attitude that enables us to deliver value to our clients. On this note, we would like to thank them for their contributions and for their tremendous efforts and patience during the challenges of 2023. We believe that our strong commitment to our values and principles, and to building a strong, diverse team, enable us to recruit and retain some of the most talented people in the industries we operate in.

We are also dedicated to building long-term relationships with our clients and our business and financial partners. These are not empty words, but the essence of why many organisations, large and small, do business with us. We possess strong brand equity, and this is key to bringing our company back on track within the upcoming years. We would like to thank all our stakeholders for their contributions to our growth and the sustainability of our business during the past year.

It took a tremendous effort to keep the helm of this ship steady last year. Nevertheless, we know that we have now safely crossed to the other shore, and what we managed to achieve in 2023 will have tangible results this year. We look forward to delivering on our commitments for 2024.

Sincerely,

Michael Gartner, Director

Georg Hotar, Director

Amsterdam, 30 April 2024

Valley Lake, Mount Gambier, Australia

Photon Energy Group

Company Profile

Who We Are

Delivering the fundamentals of life.

Photon Energy Group is a group of companies with a shared mission: making clean energy, clean water and clean environments accessible to everyone. We deploy technology to provide these fundamentals and help build a thriving, sustainable world.

Photon Energy and Lerta provide comprehensive renewable energy solutions, including solar power and energy flexibility. Photon Water offers water treatment and management solutions, as well as environmental remediation to remove PFAS and other contaminants from water and soil.

Headquartered in Amsterdam, we operate in over 15 countries across two continents, allowing us to combine a global outlook with localised expertise. Since our founding in 2008, we've expanded to a team of more than 340 employees around the world.

Photon Energy N.V., the holding company for Photon Energy Group, is listed in Warsaw, Prague, Frankfurt and on Xetra.

Our Values

Innovation

We think creatively to deliver solutions and actualise our vision.

Safety

We prioritise the health and well-being of everyone impacted by our work.

Sustainability

We understand the importance of foresight and long-term thinking.

Community

We believe it is our responsibility to enrich every community we are a part of.

Performance

We focus on solutions and deliver on our commitments.

Integrity

We operate with honesty and respect, and we never compromise our values.

Our Companies

Photon Energy

Powering the Future

Photon Energy offers comprehensive renewable energy solutions to help everyone benefit from the green transition. With over 15 years of industry experience, our work in the solar power sector covers the complete lifecycle of photovoltaic systems. We are also an independent power producer with a growing portfolio of PV power plants around the world.

As a licensed energy trader in six countries, we offer energy offtake and supply through our Virtual Power Plant, and our energy flexibility solutions help consumers integrate clean energy into their businesses while helping to keep the electricity grid balanced and stable.

Ensuring the sustainable **generation of clean energy.**

Utility-scale Solar Power

Comprehensive solutions covering the full lifecycle of utility-scale PV installations, from project development to EPC, O&M and energy offtake.

O&M for Photovoltaics

A full range of operations and maintenance solutions for solar PV systems, including monitoring and inverter maintenance.

Wholesale PV Technology

World-class components for PV installers across Europe through our dedicated eShop.

Helping consumers **access renewable energy** and keep the grid balanced.

On-site Solar Power and Energy Storage

Behind-the-meter PV power and energy storage systems for energy consumers.

Energy Trading

Energy offtake and supply from renewable sources including solar, wind and biogas.

Energy Flexibility

Localised Demand Side Response programs and other flexibility solutions to optimise energy use and support grid stability.

Photon Water

Clean Water for a Healthy World

Photon Water delivers purpose-designed clean water and environmental remediation solutions that are efficient, sustainable and safe. Our work is built on a foundation of groundbreaking research and technological innovation.

In addition to state-of-the-art water treatment and resource management, our environmental remediation solutions include a patented technology for the in-situ removal of PFAS and other contaminants from surface water, groundwater and soil.

Enabling access to **clean water** and **clean environments.**

Environmental Remediation

Safe, effective elimination of PFAS and other contaminants from surface water, groundwater and soil.

Wells and Resources

We provide complete services for wells and water resources, from design to maintenance.

Water Treatment and Recycling

Comprehensive range of solutions, from pool water recycling and seawater desalination to the treatment of industrial wastewater.

Lake Management

Purpose-designed solutions to develop, optimise and enhance the quality of water in recreational and industrial water bodies.

LERTA

Energy Is Here

Acquired by Photon Energy Group in 2022, Lerta's Virtual Power Plant, energy trading and flexibility services have been integrated into Photon Energy's comprehensive suite of clean energy solutions.

In 2023, Lerta remained Photon Energy's local provider of energy supply and flexibility solutions to energy consumers in Poland, where it is the third largest demand side response aggregator on the market.

Leadership

Georg Hotar

CEO and Co-founder

Georg co-founded Photon Energy in 2008 and was the company's CFO until 2011. Since then he has spearheaded the group's expansion in Europe and overseas as CEO. Georg has extensive knowledge of the solar energy industry as well as in international finance. Before Photon Energy, Georg established a finance and strategy advisory boutique focused on the CEE region and previously held various positions in financial services in London, Zurich and Prague.

Michael Gartner

CTO and Co-founder

Michael developed one of the first large PV installations in the Czech Republic before co-founding Photon Energy in 2008. Michael was CEO of Photon Energy until rolling out the company's business in Australia. Michael is instrumental in driving Photon Energy's off-grid and solar-hybrid power solutions. Before Photon Energy, Michael ran an investment boutique and was an analyst and head of fixed income sales at ING and Commerzbank Securities in Prague.

David Forth

CFO

David is a British national who has gained extensive experience in top managerial positions with multinational companies including British Petroleum, BAT, Schneider Electric, Adecco and Costa Coffee. Prior to joining Photon Energy Group, he was Interim CFO of Cake Box plc and then Eurowag (W.A.G. Payment Solutions plc). David is a British Chartered Accountant (FCA), after qualifying with KPMG in London, and has an LLB (Hons) Degree in Law from Queen Mary University of London.

Ricky D'Ambrosca

COO

Ricky is responsible for the day-to-day administration of Photon Energy Group and its operational functions as a business. He joined the company in 2022 in order to strengthen our management team during this period of growth. Previously, Ricky worked at ADP Employer Services as senior client services director for the EMEA region. He has led 450+ associates spanning twenty countries providing services for 250 clients for 100 large corporate entities.

Supervisory Board and Audit Committee

Bogusława Skowroński

Bogusława is an independent Supervisory Board member as defined by the Dutch Corporate Governance Code. She is an entrepreneur, technology start-up ecosystem builder, VC and angel investor. She has gained financial experience in organizations such as Union Bank of Switzerland, European Bank for Reconstruction and Development and Capital Solutions proAlfa, a company which she founded. She is an active member of the Polish capital market and has advised many companies on their strategies and transactions. She co-founded MIT Enterprise Forum CEE, an equity-free startup acceleration program.

Marek Skreta

Marek is the chairman of the Photon Energy Group supervisory board and a member of the audit committee. He is the co-founder and CEO of P4 Wealth Management in Zurich and serves as a member of the board and head advisor at R2G in Prague, a private investment platform which he helped to establish. Prior to this, he was a managing director at UBS Switzerland AG and a director at Credit Suisse in Zurich. His earlier professional experience included providing advisory services to family offices and private equity funds on investments in the CEE region and M&A transactions.

Ariel Sergio Davidoff

Ariel is a member of the Photon Energy Group supervisory board and chairman of the audit committee. He is a partner at Lindemannlaw, an international law firm based in Zurich. The law firm focuses on UHNW entrepreneurs and regulated clients, such as banks, external asset managers and mutual funds. Prior to joining Lindemannlaw, Ariel held various positions in the banking industry in Switzerland and Lichtenstein, including the position of CEO. In addition, he recently co-funded several companies in the Swiss financial sector.

Our Team

"Accessible safe water and clean soil are crucial for a healthy ecosystem. I am happy to be part of a team that works hard to make this difference for a better world."

Dr Namuun Ganbat

Technical Specialist, Photon Water

"The best part of my job is witnessing the team's achievements and the continuous learning opportunities."

Magdalena Węglewska

Back Office Team Leader

"I relish the daily challenges of this fast-evolving industry where we aim to consistently outpace our competitors."

Petr Šterc

Technical Manager, Photon Energy

"A workplace that values and actively seeks your inputs and suggestions makes you feel respected as an employee and creates a sense of belonging."

Paul-Daniel Balan

Accountant


CSR Day

Bubovice, Czech Republic

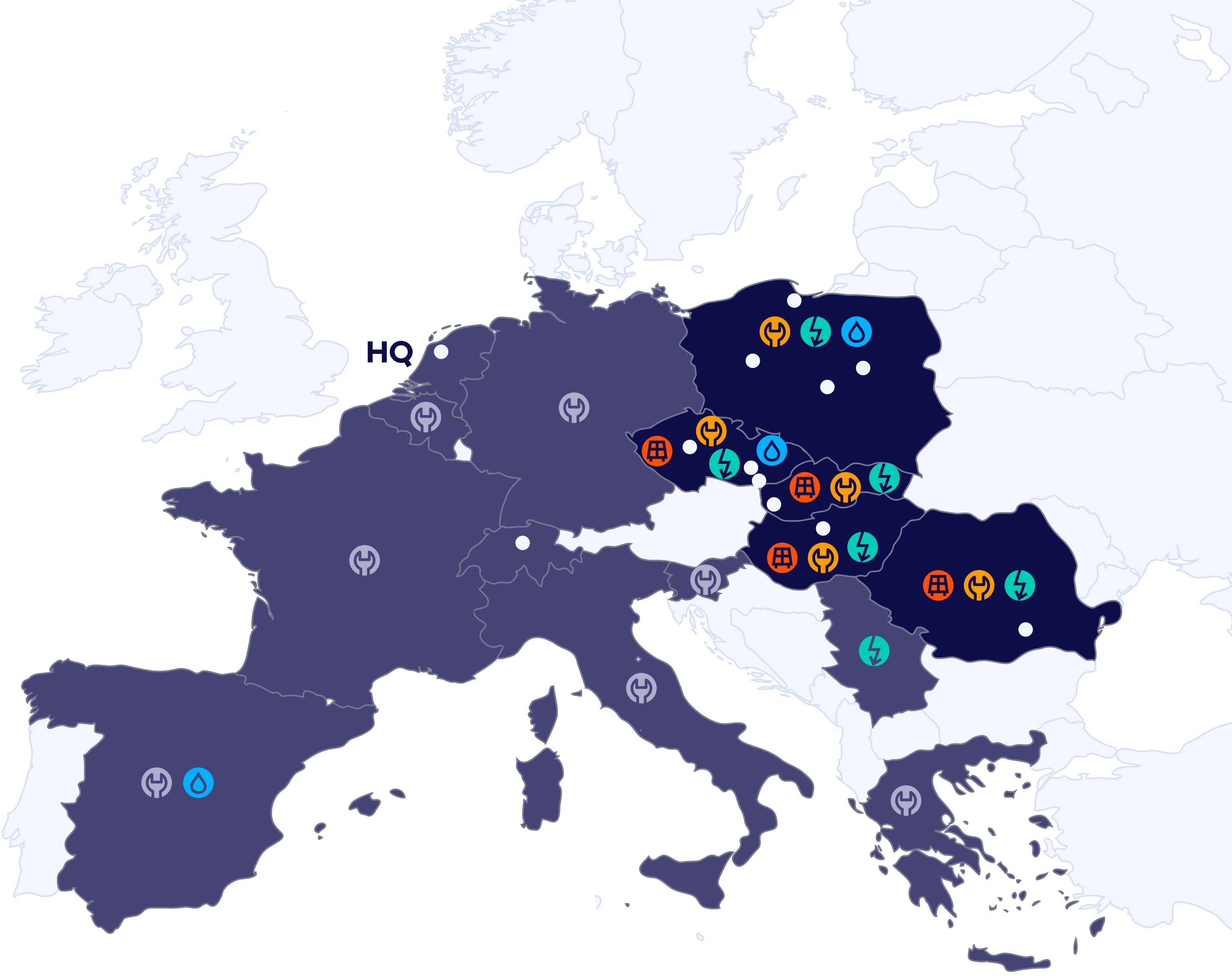

Off-site Meeting at Q Station

Sydney, Australia


All-staff Meeting

Prague, Czech Republic

Our Markets



Power Plants Owned by Photon Energy Group

O&M Services for Power Plants

Inverter Maintenance Services

Energy Trading Licence

Photon Water Services

Photon Energy Group Office

2023 PV Market Overview

Worldwide

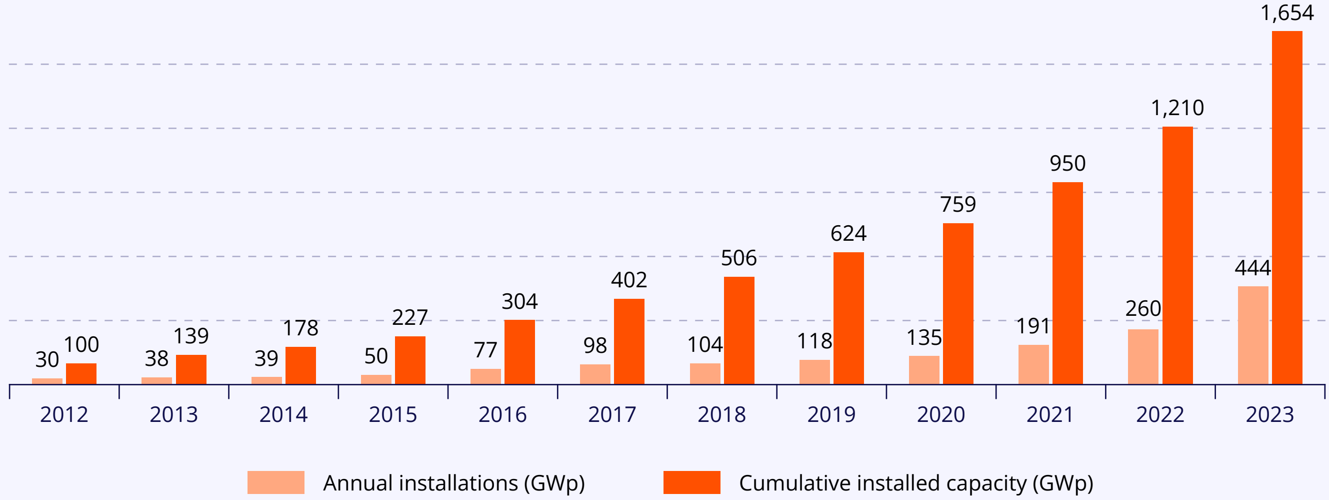
The photovoltaic industry added about 444 gigawatts of new capacity in 2023, a 71% growth from 2022 according to BloombergNEF. Yet again, forecasts for solar build have proven too conservative. China alone added 216.9 GW (AC) or 268 GW (DC) in 2023, 60% of the world market.

According to IEA Renewables 2023 Report, in 2023 solar PV accounted for three-quarters of renewable capacity additions worldwide. Renewable power capacity additions will continue to increase in the next five years, with solar PV and wind accounting for a record 96% of additions, as their generation costs are lower than both fossil and non-fossil alternatives in most countries, and policies continue to support them.

The current manufacturing capacity under construction indicates that the global supply of solar PV will reach 1,100 GW at the end of 2024, with potential output expected to be three times the current forecast for demand. Solar PV additions through 2028 are expected to more than double in the United States, the European Union, India and Brazil compared with the last five years. In the European Union and Brazil, growth in rooftop PV is expected to outpace large-scale plants as residential and commercial consumers seek to reduce their electricity bills amidst increasing energy costs.

In Australia, one of our key markets, the total installed PV capacity increased to 34.2 GWp compared to 31.0 GWp the year earlier.

Evolution of Global Annual and Cumulative Installed Capacity, 2012–2023



Europe

Solar Power Europe's new European Market Outlook for Solar Power 2023–2027 revealed a record 56 GW of solar installations in Europe in 2023. This marks the third year of annual growth rates of at least 40%.

Germany has returned to the number one position in Europe's solar ranking, installing 14.1 GW in 2023. Germany is followed by Spain (8.2 GW), Italy (4.8 GW), Poland (4.6 GW), and the Netherlands (4.1 GW).

2023 also brought a new era for solar in Central and Eastern Europe, with three newcomers reaching the threshold of at least 1 GW of solar a year: the Czech Republic, Bulgaria, and Romania.

When comparing the total PV capacity in our key European countries with the previous year, we observed a notable increase across the board: from 2.5 to 3.5 GWp in the Czech Republic, from 5.7 to 5.9 GWp in Slovakia, from 3.9 to 5.6 GWp in Hungary, from 1.8 to 2.8 GWp in Romania and from 12.5 to 17.1 GWp in Poland.

Our Key Markets

As of 31 December 2023

Australia

2023 Market Overview

According to the Australian Photovoltaics Institute, as of 31 December 2023 there were over 3.69 million PV installations in Australia, with a total capacity of over 34.2 GW. Data released by the Clean Energy Regulator has revealed Australians are turning to rooftop solar in unprecedented numbers, with a record 813 MW of rooftop solar PV installed in Q3 2023 and the average system size also growing.

Total PV capacity at the end of 2023: **34.2 GWp**

Total PV energy generation in 2023: **47.6 TWh**

Photon Energy in Australia

IPP Portfolio **14.7 MWp**

PV Generation **27.7 GWh**

O&M Services **17.0 MWp**

Czech Republic

2023 Market Overview

According to the Czech Solar Association, in 2023 a total of 82,799 solar power plants were connected to the grid, with a total capacity of 970 MWp. This represents a 145% increase in the number of new PV power plants from 2022. In terms of output, the solar market in the Czech Republic grew by 681 MWp (236%) compared to 2022.

Total PV capacity at the end of 2023: **3.5 GWp**

Total PV energy generation in 2023: **2.2 TWh**

Photon Energy in the Czech Republic

IPP Portfolio **15.0 MWp**

PV Generation **16.0 GWh**

O&M Services **98.4 MWp**

Slovakia

2023 Market Overview

In Slovakia, new PV power plants with a total capacity of 220 MW were built in 2023. By far the largest portion of the total capacity was installed in residential homes and in small and medium-sized enterprises. The growth of the PV market in Slovakia by 220 MW is very dynamic compared to previous years.

Total PV capacity at the end of 2023: **5.9 GWp**

Total PV energy generation in 2023: **0.6 TWh**

Photon Energy in Slovakia

IPP Portfolio **10.5 MWp**

PV Generation **10.6 GWh**

O&M Services **15.3 MWp**

Photon Energy in Hungary

IPP Portfolio
51.8 MWp

PV Generation
64.4 GWh

O&M Services
182.8 MWp

Hungary

2023 Market Overview

According to Enerdata, during 2023 Hungary's installed solar capacity increased by 1.6 GW, achieving a record total of over 5.6 GW, more than 1.5 times the capacity added in 2022. According to preliminary figures from the Hungarian transmission system manager MAVIR, a total solar capacity of 5.6 GW is now connected to the Hungarian grid. 3.3 GW of the total comes from industrial solar power plants, and 2.3 GW from residential installations.

Total PV capacity at the end of 2023: **5.6 GWp**

Total PV energy generation in 2023: **6.5 TWh**

Photon Energy in Romania

IPP Portfolio
35.4 MWp

PV Generation
21.1 GWh

O&M Services
44.8 MWp

Romania

2023 Market Overview

The total solar capacity installed in Romania in 2023 exceeded 1 GW, in both distributed generation and utility-scale installations. This marks a 308% increase compared to 2022 and a new record high since the solar PV boom of the early 2010. The total PV capacity in Romania reached 2.85 GW in 2023, generating more than 2.5 TWh, which accounts for some 5% of the overall power output in the country, according to data from the Romanian Photovoltaic Industry Association.

Total PV capacity at the end of 2023: **2.8 GWp**

Total PV energy generation in 2023: **2.5 TWh**

Photon Energy in Poland

O&M Services
270.8 MWp

Poland

2023 Market Overview

According to a report by the Polish Institute for Energy and Climate Studies, it is projected that Poland's installed capacity of photovoltaic systems will double again from 2023 by the end of 2025.

The specific predictions indicate an addition of 5.981 MW in 2023, 4.392 MW in 2024, and 3.996 MW in 2025. By 2025, Poland's cumulative installed PV capacity is expected to reach 26.791 MW.

Total PV capacity at the end of 2023: **17.1 GWp**

Total PV energy generation in 2023: **12.0 TWh**

Our Competitive Strengths

Industry Experience

Over fifteen years of experience in the development, engineering, construction and operation of PV systems.

Vertical Integration

In-house teams for each stage of PV projects, providing us with easy access to technology and direct partnerships with key industry players.

Focus on Innovation

Cutting-edge technology and solutions including RayGen's hydrothermal solar power and our patented environmental remediation technology.

Customised Solutions

A holistic approach allows us to offer comprehensive solutions to our clients to meet their unique needs.

Sustainable Energy Source

As an Independent Power Producer we generate renewable energy ourselves, allowing a unique insight into the needs of our clients.

Global Outlook, Local Expertise

We combine localised market insights with the experience and resources of an international organisation.

Our History

2008
Photon Energy is founded. We are listed on the NewConnect market of the Warsaw Stock Exchange.

2009
We construct our first PV projects, including our first proprietary power plant in the Czech Republic.

2010
We construct plants with a combined capacity of 32 MWp in the Czech Republic and Slovakia.

2011
We construct new power plants in Germany, Italy and Slovakia.

2012
We establish our office in Australia and our new corporate HQ in the Netherlands.

2013
We place our first corporate bond on the Frankfurt Stock Exchange.

2014
We install our first solar storage battery system in Australia and add five countries to our O&M portfolio.

2015
We hit the 150 MWp mark for O&M services provided in Europe and Australia.

2016
We commission four power plants in Australia. Our shares are listed in Prague, along with a corporate bond.

2017
We establish our office in Hungary and expand our vision to include clean water solutions through Photon Water.

2018
Our first Hungarian power plants are connected to the grid.

2019
We complete the roll-out of rooftop solar systems across 30 ALDI locations and build 20 power plants in Hungary.

2020
Our proprietary portfolio reaches 74.7 MWp, and we commission two utility-scale power plants.

2021
Our shares are listed on the regulated markets of Warsaw and Prague, and on the Quotation Board of the Frankfurt Stock Exchange.

2022
Lerta joins Photon Energy Group, expanding our comprehensive clean energy solutions even further.

2023 in Review

35.4 MWp added to our IPP portfolio (+38.5%)

139.8 GWh of clean energy produced (+15.0%)

58,286 tonnes of CO_2e emissions avoided (+19.0%)

JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY

Lerta Acquisition

We successfully conclude our acquistion of Lerta.

First Romanian Power Plant

We complete and grid-connect our first Romanian utility-scale PV power plant with a generation capacity of 5.7 MWp near Șiria.

Financing for Romanian Projects Secured

We secure EUR 21.9 million financing for eight solar PV power plants in Romania with a combined capacity of 31.5 MWp.

DSR Capacity in Poland Secured

We secure DSR capacity of 375 MW in the additional Polish TSO auction for 2024, on top of the previously contracted capacity of 14 MW for the same year.

Over 100 MWp in IPP Portfolio

We complete and grid-connect another PV power plant near Calafat, Romania (6.0 MWp) and exceed 100 MWp in our IPP portfolio.

'Very Good' Rating

imug rating assesses the Company's sustainability performance as 'very good' with 77 out of 100 points in the areas of sustainability management, products and services and controversies.

Aiud and Teius Connected

We complete and grid-connect two power plants with a generation capacity of 4.73 MWp (Aiud) and 4.73 MWp (Teiuș), both located in Alba County, Romania.

Golden Partner of Dyness

We become a key partner of Dyness on the European market. In the Czech Republic alone we supply Dyness batteries for more than 8,000 photovoltaic installations.

Joining RayGen

We join RayGen and open world-leading solar and storage plant in Australia. The power plant in Carwarp, Victoria, adds 4 MW of high-efficiency PV solar and 2.8 MW / 50 MWh (17 hours) of long-duration thermal storage to the West Murray grid.

New 100 MWp O&M Contract

We sign a new O&M contract for 100.19 MWp installed PV generation capacity with OX2 Construction AB – one of Europe's leading developers of renewable energy sources.

AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER

Progress in Romania

We complete and grid-connect two power plants with a combined generation capacity of 10.3 MWp near Făget and Săhăteni in Romania.

54 MWp Building Permit

We achieve the building permit for a 54 MWp PV project in Romania – the largest utility scale solar project in Photon Energy's history of development in the CEE region.

We Repay Our 6.00% Corporate Bond

We repay the outstanding nominal value of EUR 3.1 million of our 6.00% CZK corporate bond 2016/2023.

Development in Romania

We complete and grid-connect an additional power plant with a generation capacity of 3.9 MWp near Făget, Timiș County, rounding up our Romanian portfolio expansion to nine power plants in 2023.

Selected Projects

Photon Energy

RayGen Carwarp

PV Solar Capacity	Thermal Storage Capacity
4.0 MWp	2.8 MW / 50 MWh (17 h)

The opening of RayGen's solar-plus-storage plant marked an important milestone in the energy transition in Australia and beyond. RayGen technology tackles head-on the intermittency of solar energy, exporting electricity day and night and charging from solar and from the grid.

We entered a strategic partnership and announced our initial investment in RayGen in April 2020, joined by investors such as AGL Energy, Equinor Ventures, Chevron Technology Ventures, SLB and Australian Renewable Energy Agency (ARENA).

This state-of-the-art technology has the potential to be deployed at a greater scale and in addition to the Carwarp installation, we are progressing our efforts to develop a solar-plus-storage power plant in Yadnarie, South Australia.

Photon Energy

Făget 1 and Săhăteni

Combined Capacity

10.3 MWp

Total Expected Annual Production

approx. 15.6 GWh

After commissioning six power plants earlier in 2023, the successful commissioning of the installations in Făget and Săhăteni stands as a pivotal achievement for Photon Energy within the Romanian renewable energy market. We expanded our portfolio of Romanian solar assets by an additional 10.3 MWp in 2023, with more to come in 2024.

Equipped with high-efficiency bifacial photovoltaic modules mounted on single-axis trackers, the total annual production of the Făget and Săhăteni power plants is expected to be around 4.7 GWh and 10.9 GWh, respectively.

Photon Energy

The Bond at Norwest Business Park

Installed Capacity

86 kWp

In Australia, we achieved a top-three ranking at the 2023 Clean Energy Council Solar Design and Installation Awards for this rooftop PV installation. We partnered with Buildcorp to develop a mounting structure for solar panels, purpose-built for the Bond's rooftop.

Constructed from engineered timber, The Bond is a seven-storey commercial building built to represent the future of sustainable, biophilic office design associated with improved physical and mental wellbeing.

Photon Water

LIFEPOPWAT: Wetland+ Pilot Project

The old landfill near the city of Jaworzno in Poland stores 195,000 tonnes of toxic waste, including over 37,000 tonnes of toxic lindane (HCH), a carcinogenic insecticide used in 1960s to control insects on fruit, vegetables but also to treat lice and scabies in pharmaceutical industry.

In Hájek, Czech Republic, there is similarly between 3,000 and 5,000 tonnes deposited in the landfill, mostly in paper drums, without further security.

In 2023 Photon Water and partners Technical University of Liberec, Główny Instytut Górnictwa, DIAMO, SERPOL and Aarhus University successfully finished the pilot operation of the Wetland+ technology treating the contaminated water. Photon Water played a crucial role as a LIFEPOPWAT research and carry-out partner while the project was co-financed by the EU.

Wetland+ Efficiency

The Wetland+ technology is an innovative treatment system that adds other bespoke technological stages in addition to classical wetland systems. The system of reactive and sorption fields now purifies water with an efficiency of up to 97% in Hájek and 85% in Jaworzno where we expect the same figures over time.

Timewise, we are now two growing seasons into the system, and the system's population is still on the rise. There is a growth in wetland plants and algae and a shift in their representation.

We anticipate that the system's efficiency will increase in future years due to vegetation development, even during periods of high flows.

Our Media Presence

At Photon Energy Group, we have always seen it as our duty to be a trusted media partner. In 2023, we actively expanded upon our ongoing partnerships with journalists covering energy, finance and sustainability-related topics, with Romania being a new addition to our target media markets.

Our stories were covered by a wide range of European and Australian media outlets, from specialised energy news websites to popular daily newspapers. Additionally, we worked closely with industry associations and NGOs to promote solar energy as a future-proof energy source and to share our industry know-how with our customers and partners.

We continued to operate with honesty and in full transparency, with our CEO Georg Hotar giving several interviews about our ongoing projects and future plans, and our representatives sharing their expertise in response to media enquiries throughout the year.

To read our past articles and press releases, please visit **ir.photonenergy.com/news**.

Follow us on **LinkedIn** and **X (formerly Twitter)**.

20 March 2023

wallstreet ONLINE

Photon Energy Group sichert 21,9 Millionen Euro Finanzierung für rumänische Projekte

21 March 2023

Bankier.pl

Photon Energy zakontraktował na 2024 umowy mocowe w Polsce dla 389 MW

13 April 2023

BONDGUIDE
Die Plattform für Unternehmensanleihen

Photon Energy baut mit drei neuen PV-Kraftwerken IPP-Portfolio aus

9 May 2023

PVTECH

Photon Energy connects 9.5 MWp Romanian projects to the grid

30 May 2023

Renewables Now

INTERVIEW – Photon Energy navigates red tape for growth in Romania's PV market

14 June 2023

ENERGY INDUSTRY REVIEW

Lauru Badita: Leveraging Competitive Advantages and Improving Business Quality

17 August 2023

Forbes

Skupině Photon Energy stouply tržby. Letos dosahují necelé miliardy korun

10 September 2023

Obnovitelně.cz chytrá řešení pro život

Photon Energy a RayGen zprovoznili v Austrálii unikátní koncentrovanou solární elektrárnu

8 November 2023

PROFIT.ro

Photon Energy se împrumută la BERD pentru proiecte fotovoltaice de 30 MW în România

30 November 2023

wnp.pl

Photon Energy ma nowy kontrakt na obsługę fotowoltaiki o mocy 100 MWp


Bocșa, Romania

Management Report

Directors' Report

The directors present their report together with the annual financial statements of Photon Energy N.V. (the 'Company') for the year ended 31 December 2023.

The non-financial information, in the Annual Report comprises the Introduction, Company Profile and the Management's Report, complies with the Dutch Disclosure of Non-Financial Information.

Photon Energy N.V. is a joint-stock company incorporated under the laws of the Netherlands on 9 December 2010. The statutory seat of the Company is Barbara Strozzilaan 201, 1083HN Amsterdam. The consolidated financial statements of the Company for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's jointly controlled entities.

Financial Results 2023

In thousands	EUR	
	2023	**2022 Restated**
Revenue	**70,649**	**95,136**
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	3,706	24,309
Results from operating activities (EBIT)	-5,196	16,985
Profit / loss before taxation (EBT)	-16,302	8,725
Profit / loss	-15,750	6,262
Other comprehensive income	15,291	3,695
Total comprehensive income	**-459**	**9,957**
Non-current assets	225,003	189,147
Current assets	52,421	64,547
Of which Liquid assets	12,978	21,358
Total assets	**277,424**	**253,694**
Total equity	**69,504**	**70,475**
Non-current liabilities	178,348	149,680
Current liabilities	29,572	33,539
Operating cash flow	7,214	2,847
Investment cash flow	-26,709	-33,430
Financial cash flow	14,062	9,348
Net change in cash	**-5,434**	**-21,235**

Note:

For simplicity, the following separators were used throughout this report: point "." for decimals, comma "," for thousand and million.

"This is a pivotal time for Photon Energy Group. I have been witnessing this for only a very short time, however I can already see the lessons that need to be learnt from the last year's experience. I am very impressed with the talent, energy and enthusiasm of the founders and staff at all levels of Photon Energy Group. There is still lots to do, and I believe that we do have the skills and opportunity to succeed. This business deserves to do well, and that is why I have joined it and will work towards that goal."

David Forth, CFO

2023 Highlights

- **Clean energy generation of 139.8 GWh, up by 15.0% YoY**
- **IPP portfolio of PV power plants increased by 35.4 MWp, +38.5% YoY, to a total of 127.3 MWp YE 2023**
- **Additional 16.2 MWp technically constructed and in the commissioning process in 2024**
- **Repayment of the outstanding EUR 3.1 million, 6.0% CZK Bond 2016/2023**
- **Negotiating a financing facility of up to EUR 15 million with EBRD**
- **375 MW secured in DSR capacity auction, with total DSR revenues of EUR 26 million in 2024**
- **Nearly 300 MWp of O&M contracts added, +77.3% YoY**
- **First 20-year on-site PPA signed for 630 kWp PV power plant**

Income Statement

In 2023, the Company's consolidated revenues amounted to EUR 70.649 million, compared to EUR 95.136 million a year earlier, down by -25.7% YoY. Revenues from electricity generation of EUR 21.407 million contracted by -39.3% YoY, mainly due to deteriorating conditions on the energy markets. Revenues from electricity generation based on FIT amounted to EUR 11.605 million (54.2%) compared to EUR 13.363 million in 2022, while the remaining EUR 9.802 million were derived from selling electricity on the energy market (45.8%); these decreased from EUR 23.286 million in 2022 (-57.9% YoY) due to declining electricity prices. Electricity generation increased by 15.0% YoY to 139.8 GWh but was still not sufficient to compensate for the declining energy prices.

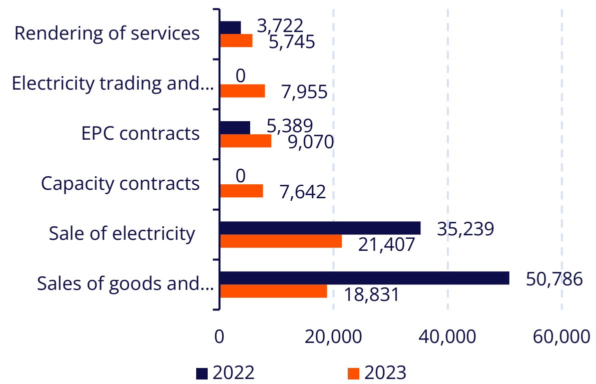
Other revenues also shrunk from EUR 59.897 million in 2022 to EUR 49.242 million in the reporting period, down by -17.8% YoY, mainly due to lower volumes in our PV technology trading business. Other segments performed better than a year ago, with new revenues from capacity market contracts, trading and balancing business of the New Energy division, as well as an increase in EPC business for commercial and industrial clients. EBITDA dropped -84.8% YoY to EUR 3.706 million compared to EUR 24.309 million a year earlier. EBIT swung from a positive of EUR 16,985 million in 2022 to a negative EUR -5.196 million in the reporting period.

The Group's operating profitability, apart from the contraction of margins in the energy generation segment, was also negatively impacted by deterioration of margins in PV component trading. Personnel costs increased significantly due to higher headcount of 348 employees compared to 220 at the end of 2022, mainly as a result of the integration of Lerta into the Group.

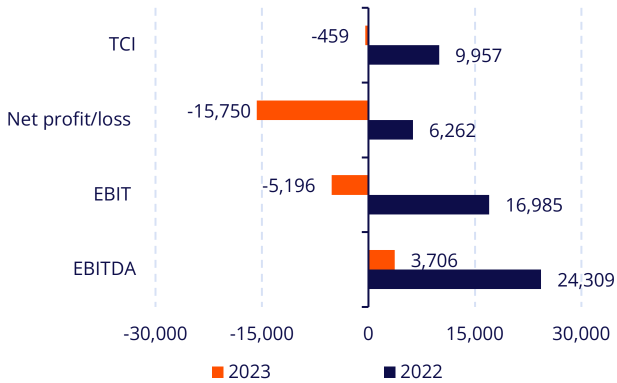
Depreciation increased 23.4% YoY to EUR 11.044 million in 2023 compared to EUR 8.949 million a year earlier. This increase is related to two factors: firstly, the addition of 35.4 MW power plants in Romania and secondly the depreciation of DSR contracts of EUR 1.325 million, included in intangible assets.

The bottom line was negatively impacted by higher interest expense, amounting to EUR 11.434 million in 2023, up by 20.9% YoY, related mainly to increased project financing of new power plants in Romania, a Green Bond tap of EUR 2.5 million, increased leasing liabilities and revolving credit lines. The Group recorded net loss of EUR -15.750 million, compared to a profit of EUR 6.262 million in 2022.

Revenues by type, 2022–2023 (In thousands of EUR):



Profitability by type, 2022–2023 (In thousands of EUR):



Other comprehensive income was positively impacted by the revaluation of newly connected Romanian power plants in the amount of EUR 8.351 million and partially due to the revaluation of Hungarian power plants in the amount of EUR 5.983 million, upon changing the pricing model from merchant to FIT. The increase in value of the RayGen shares resulted in a revaluation of other investments in the amount of EUR 5.203 million. Against this, there was a negative foreign currency translation of EUR -0.430 million and negative revaluation of hedging derivatives related to the interest rate swaps on Czech, Slovak, Romanian and Hungarian SPVs and FX options related to the Czech SPVs of EUR -3.996 million.

Total comprehensive income was negative: EUR -0.459 million.

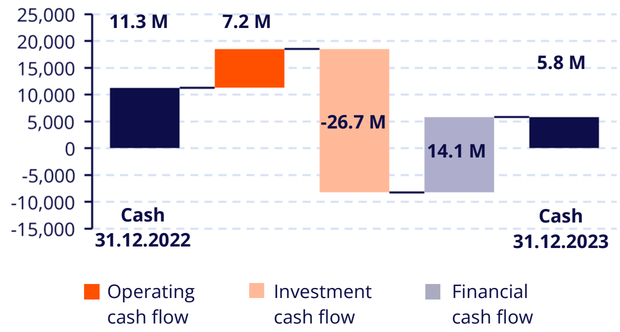
Cash Flow

The Group posted a positive operating cash flow in 2023 in the amount of EUR 7.214 million, compared to EUR 2.847 million in 2022, mainly thanks to positive working capital developments i.e. decrease of inventories, trade and other receivables.

Investment cash flow equalled to EUR -26.709 million in 2023 compared to EUR -33.430 million in 2022, mainly related to work in progress for our proprietary portfolio in Romania.

Financial cash flow of EUR 14.062 million in 2023, compared to EUR 9.348 million in 2022, increased thanks to long-term project financing and revolving credit line of EUR 28.0 million related to the Romanian power plants, a tap of EUR 2.5 million of EUR Green bond 2021/27 and drawing of revolving credit of EUR 5.0 million for technology segment. It decreased due to the repayment of CZK Bond 2016/23 in the amount of EUR 3.1 million and other scheduled loan repayments.

Overall, the cash position decreased to EUR 5.838 million at the end of 2023 compared to EUR 11.271 million at the end of 2022.

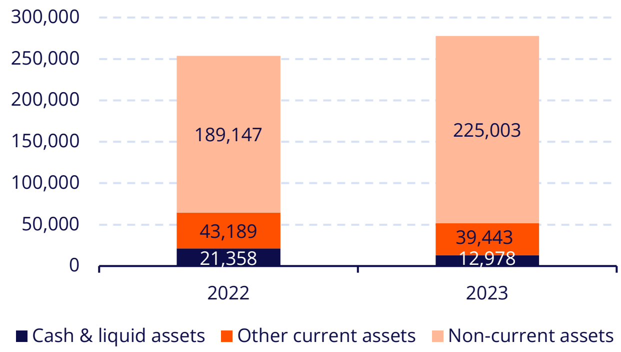


Financial Position

At the end of 2023, total non-current assets amounted to EUR 225.003 million, representing an absolute increase of EUR 35.856 million and a change of 19.0% YoY, compared to the level of EUR 189.147 million at the end of 2022. This was primarily driven by the growing value of our proprietary portfolio related to the commissioning of new PV plants with a total capacity of 35.4 MWp in Romania. The total PPE balance has increased by a net amount of EUR 26.962 million. An increase of EUR 9.205 million in other non-current financial assets is primarily related to combined impact of derivatives and our equity revaluation related to RayGen of EUR 9.173 million (more details in Note 23: Other Financial Investments.

Current assets decreased by -18.8% YoY, to a total of EUR 52.421 million, down by EUR 12.126 million compared to the end of 2022. This decrease was mainly caused by lower inventories, trade receivables and liquid assets but was partially offset by higher other receivables, related to VAT receivables.

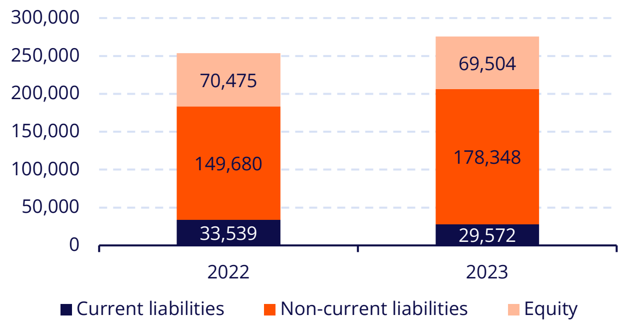
Assets (In thousands of EUR):



Non-current liabilities increased by EUR 28.668 million, 19.2% YoY, to EUR 178.348 million compared to the end of 2022. This increase is primarily related to the increase in bank financing related to the refinancing of our Romanian and Hungarian power plants, the increased amount of the outstanding Green Bond, and higher lease liabilities. For details please see Note 32 Loans and Borrowings.

Current liabilities amounted to EUR 29.572 million and decreased by EUR 3.967 million compared to the end of 2022, as a result of repayment of CZK 2016/2023 bond, lower trade and other payables as well as tax liabilities.

Equity and liabilities (In thousands of EUR):



Financing Activity

In March 2023 the Group signed a financing agreement in the amount of EUR 21.9 million with Austrian Raiffeisen Bank International (RBI). This was a non-recourse project financing for the portfolio of PV power plants in Romania with a total installed capacity of 31.5 MWp.

Also in March 2023, the Group successfully increased its 6.50% Photon Energy Green EUR Bond 2021/27 (ISIN: DE000A3KWKY4) (the 'Bond') to a total amount of EUR 80.0 million. The additional nominal amount of EUR 2.5 million was placed through a private placement to institutional investors in the UK, Switzerland, Germany, and Austria. In Q3 2023 the Company repurchased from the market its Green EUR Bond in the nominal value of EUR 0.615 million.

Since November 2023 the Management Board has been in discussions with the European Bank for Reconstruction and Development (EBRD) about a possible EUR 15 million financing facility to 'close the funding gap', allowing for both the timely completion of the second batch of Romanian power plants and the commencement of construction works on new ready-to-build projects in Romania. Other objectives of this financing facility relate to research and development costs for Photon Energy's Virtual Power Plant software platform and working capital related to the capacity market. On 24 January 2024, EBRD approved the loan and the final agreement is currently under negotiations.

On 12 December 2023 the Group repaid the outstanding amount of EUR 3.146 million of its 6.00% CZK corporate bond 2016/2023 (ISIN: CZ0000000815) in accordance with its terms and conditions. This bond with a nominal value of CZK 30,000 each, had been issued on 12 December 2016 for a seven-year term, with a 6.00% annual interest and monthly coupon payments and had been traded on the trading facility of the Prague Stock Exchange in the Free Market segment. The repayment of the Czech 2026/2023 bond was made together with the final coupon payment to the bondholders.

The Group's total loans and borrowings as of the reporting date can be found in Note 32: Loans and Borrowings of the Financial Statements.

Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's net debt to adjusted equity ratios at the end of the reporting periods were as follows:

In thousands of EUR	**2023**	**2022**
Total liabilities	207,920	183,219
Less: Liquid assets	12,978	21,358
Net debt	194,942	161,861
Total equity	69, 767	70,672
Net debt to equity ratio	**2.79**	2.29

Equity ratios:

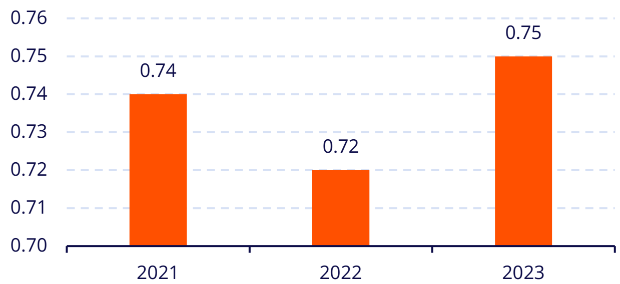
	2023	**2022**
Full Equity ratio	25.1%	27.8%
Adjusted Equity ratio (for bond governance)	28.0%	32.0%

There were no changes in the Group's approach to capital management during the year.

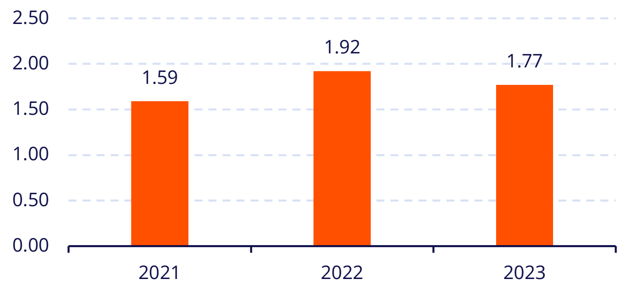
As of 31 December 2023 the Group was substantially in compliance with all financial covenants set by lenders except for debt service cover ratio with one of the lenders in Hungary. For more details see Note 32. Loans and Borrowings.

Selected Debt and Liquidity Indicators

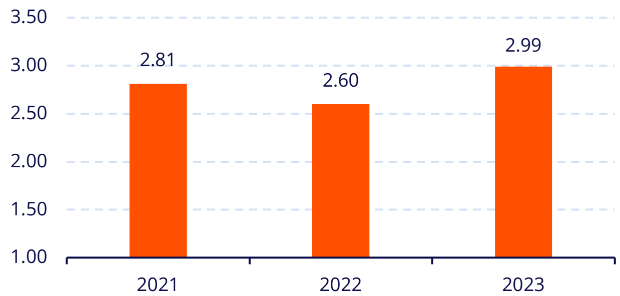
Debt to Assets Ratio (Total Liabilities / Total Assets)



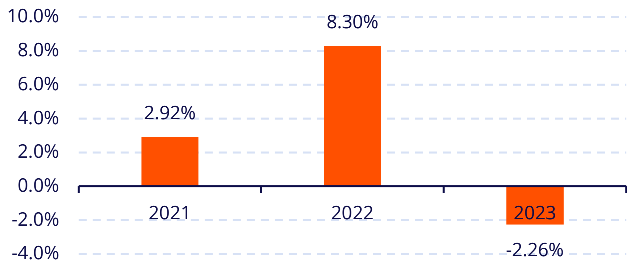
Current Ratio (Current Assets / Current Liabilities)



Debt to Equity Ratio (Total Liabilities / Shareholders' Equity)



Solvency Ratio (Net Income + Depreciation / Current and Non-current Liabilities)



Strategy Execution

Strategic Goals	Execution in 2023
Investments: increase the production of clean energy by expanding electricity generation capacity of our proprietary PV power plants.	Our proprietary portfolio of PV power plants increased from 91.9 MWp to 127.3 MWp, i.e. by 35.4 MWp, up by 38.5% YoY. This represents the largest annual increase in generation capacity in the Company's history. After the reporting period, an additional 5.5 MWp was commissioned and a further 10.7 MWp is technically completed and in the final stage of the commissioning process. As a result, clean electricity generation increased from 121.6 GWh in 2022 to 139.8 GWh in 2023, up by 15.0% YoY, clearly in line with our key strategic goal. In 2023, the Management Board revised its previously announced target of 600 MWp of PV power plants in the Group's proprietary portfolio by year-end 2024 down to 200 MWp. The severity of this reduction was driven primarily by recent developments on the energy markets, which, in combination with other PV market-specific factors, made it very challenging to generate returns above our cost of capital through investments in pure utility PV assets. This resulted in the revision of our project pipeline, which is described below.
Investments: expand PV project pipeline, including both projects developed in-house and co-developments, to drive further generation capacity growth.	The project pipeline increased by nearly 300 MWp to a total of 1.2 GWp in 2023. In August, a significant milestone was achieved in Australia, where the Group's investee RayGen successfully commissioned its first utility-scale power plant in Carwarp, Victoria, with 4 MWp of solar generation capacity, a 2.8 MW AC grid connection and 50 MWh of storage. This has accelerated the development of our project pipeline based on RayGen technology, including the flagship project in Yadnarie, Australia, which is currently in an advanced stage of development. On the other hand, due to declining achievable rates of ROI on pure PV assets, the management decided to pivot its strategy in such a manner that only a part of the project pipeline will be completed in its current form as pure utility PV assets; part will be sold to third parties or converted to utility PV-hybrid projects or pure utility energy storage projects. In 2023, the Group has advanced works on the completion of projects in Poland and Romania and initiated the sale negotiations for approximately 30 MWp in Poland and 50 MWp in Romania. At the same time, the Group has started developing pure energy storage projects and hybrid PV projects.
New Energy: increase contracted DSR capacities by 100 MWp p.a. up to 700 MW in 2027.	In 2023, Photon Energy secured 134 MW of DSR capacity contracts (up from 52 MW in 2022) and realised revenues of EUR 7.6 million. In March 2023, Photon Energy succeeded in the additional 2024 Polish capacity auction with 375 MW of DSR contracts, which together with the previously contracted DSR capacity of 14 MW, will increase contracted capacities in 2024 to 389 MW with revenues of PLN 116.8 million (EUR 26 million) in total DSR revenues for 2024.
Engineering: grow EPC business by leveraging existing experience and know-how into offering of EPC services for commercial and industrial clients, behind-the-meter PV solutions and PPA agreements in Australia and Europe.	The EPC business flourished in 2023, with external revenues nearly doubling YoY, driven primarily by Australian EPC contracts (4.6 MWp) for commercial and industrial clients (C&I) including such notable names as SCentre Group and Bunnings. The share of C&I projects in the Czech and Slovak markets has also been growing over the past several months and is expected to continue based on the recently started subsidy program in the Czech Republic. In Hungary, we have signed our first 20-year PPA to develop, build, own and operate a 658 kWp solar PV power installation. Early in 2024 we signed EPC contracts for a total installed capacity of 21 MWp in Australia and overall backlog of EPC contracts for 2024 looks healthy.
O&M: provide O&M services that allow PV power plants to achieve high generation results and revenues PV power plants	O&M contracts increased by almost 300 MWp in 2023, bringing us closer to our strategic goal of 1 GWp in 2024. The strongest expansion was recorded in Poland, with more than 200 MWp added, followed by Hungary and Romania. The growth should continue in 2024 in all CEE markets.
Technology: procure and trade PV components through cooperation with PV technology manufacturers.	2023 was difficult for the PV sector across the CEE region amidst significant oversupply and the resulting drop in prices for PV components. Our technology business line was not immune to these developments and holds increased level of batteries in its inventory. The expected pick-up of EPC business in the Czech Republic should increase the demand for batteries, which should help our technology segment. We have also increased marketing and sales activities outside the Czech market, mostly in Slovakia, Poland and Romania, where PV + storage projects are starting to receive subsidies. Overall, we expect the technology segment to pick up once again in 2024.
Water: deploy remediation solutions for groundwater contamination, with a focus on PFAS remediation.	Our pilot trial with the Australian Department of Defence demonstrated a reduction in PFAS concentration of up to 80-100% from initial levels and was extended till April 2024, to review the trial conclusions and identify opportunities for further application of the PFAS remediation technology. Additionally, we began laboratory trials with the University of Technology in Sydney on the in-situ remediation of PFAS in contaminated soil.

Corporate Highlights

Share Issue Related to the Acquisition of Lerta

Based on a General Meeting authorisation from 31 May 2021, the Management Board of the Company resolved on 1 February 2023 to issue 1,238,521 new shares with a nominal value of EUR 0.01 each. This resolution was in line with the investment agreement signed on 20 December 2022 with the founders of Lerta S.A. Pursuant to the issuance of the new shares on 1 February 2023, the share capital of the Company has increased from EUR 600,000.00 to EUR 612,385.21. The new shares were issued against a contribution in-kind consisting of 2,477,042 shares in Lerta S.A., in line with the above-mentioned investment agreement. With this step the acquisition process of Lerta S.A. was completed and Photon Energy N.V. has become holder of 100% of the share capital of Lerta S.A. Newly issued shares were included in the collective deposit as mentioned in Section 12 of the Dutch Giro Securities Act, and registered with the Czech and Polish depositaries acting as secondary depositaries for the Company's shares. Newly issued shares were admitted to trading on the Prague and Warsaw Stock Exchanges as of 13 and 14 February 2023, respectively and the Quotation Board of the Frankfurt Stock Exchange.

Resignation of Clemens Wohlmuth and Andrej Horansky from the Position of CFO

On 7 March 2023, the Company announced the resignation of Mr. Clemens Wohlmuth as the Group's Chief Financial Officer. Mr. Wohlmuth has been the Group's CFO since 2012.

On 8 March 2023, the Management Board appointed Mr. Andrej Horansky as the new CFO. Due to personal reasons, Mr. Horansky resigned from his position as of 12 May 2023. The Group's CEO Georg Hotar assumed CFO responsibilities on an interim basis until the appointment of new Group CFO, Mr. David Forth on 1 February 2024 and is described in the Subsequent Events section on page 46 of this report.

Completion of the Share Buyback Programme and the Acquisition of 250,000 Shares

In June 2023, the Company completed the share buyback programme announced on 16 December 2022, as the total number of shares to be purchased under the programme had been reached. Within the period from 19 December 2022 to 7 June 2023, the Company purchased 250,000 shares in the share capital of the Company for the total value of PLN 3.204 million (EUR 0.720 million), with an average price of PLN 12.82 per share. Shares purchased under the programme constitute approx. 0.41% of the share capital and were acquired to meet the obligations arising from the share purchase programme for the employees of the Photon Energy Group's entities.

ESG Rating of 'Very Good' Renewed

In May 2023, the Company received a 'very good' sustainability rating for its ESG practices and business model from imug rating, an independent institution that assessed the Company's policies and activities in the area of sustainability. imug rating renewed its rating of 'very good' two years after an initial evaluation, conducted in May 2021.

General Shareholders Meeting

On 21 June 2023, the General Meeting of Shareholders was held at the Company's premises in Amsterdam. Apart from the approval of 2022 annual financial statements and granting discharge to the Management Board and Supervisory Board members, the Annual General Meeting additionally: (a) granted authorisation to the Board of Directors to acquire shares in the share capital of the Company; (b) adopted a Remuneration Report and a Management Incentive Plan to Mr. Krzysztof Drozynski; (c) granted authorisation to the Management Board to issue shares and limit/exclude pre-emption rights to newly issued shares. For more information, please see the Corporate Governance section of this Management Report.

Repurchases of EUR Green Bond 2021/2027

In August 2023 the Company decided to take advantage of the declining market prices of the EUR Green Bond 2021/2027 and bought back on the market the nominal value of EUR 0.615 million recording a capital gain of EUR 0.278 million realised on this transaction.

Guidance Revision During Year 2023

On 17 August 2023 the Management Board revised its full-year guidance, announced on 15 February 2023, and decreased estimations of consolidated revenues for 2023 from EUR 150 million to EUR 110.0 million. At the same time, EBITDA guidance was lowered from EUR 29.0 million to EUR 10 million.

Following the publication of the results for Q3 2023, on 13 November 2023 the Management revised its full-year guidance for the second time and announced that due to the declining trading volumes of PV component trading, which continued in Q3 and afterwards, revenues were expected to be within the range of EUR 75-80 million. At the same time, the Management Board announced that EBITDA guidance of EUR 10 million was conditional on the conclusion of ongoing sales negotiations for the Group's portfolio of PV projects under development.

The consolidated revenues for the year 2023 of EUR 70.649 million came -5.8% below the lower threshold of the guided range. EBITDA of EUR 3.706 million came -62.9% below the guidance; this, however, was conditional on the completion of sales negotiations for Polish PV project rights, which had not yet materialised, and resulted in the shortfall against guidance. Negotiations for the sale of the remaining portfolio are continuing and are expected to be concluded by mid-2024.

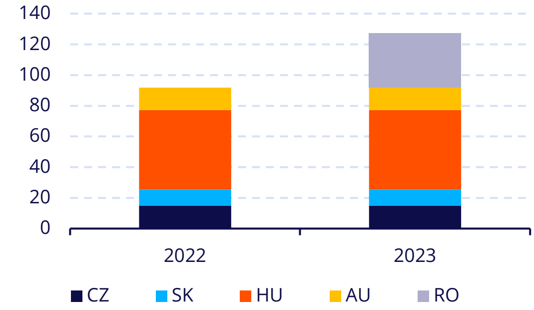
Repayment of CZK Bond 2016/2023 with 6% coupon

In December 2023, the Company repaid the outstanding principal amount of the CZK Bond 2016/2023 with a 6.00% annual coupon and monthly payments in the Czech Republic. This bond (ISIN CZ0000000815) had a nominal value of CZK 30,000 and was traded on the Free Market of the Prague Stock Exchange. The outstanding amount due was CZK 76.2 million (EUR 3.1 million) and was repaid on 13 December 2023 in line with the terms and conditions of the bond.

Operational Highlights

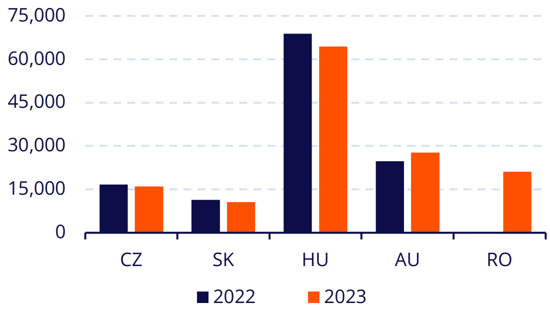
The Biggest Capacity Expansion in the History of Photon Energy Group

Proprietary IPP Portfolio *(MWp)*	**2023**	**2022**
Czech PP	15.0	15.0
Slovak PP	10.4	10.4
Hungarian PP	51.8	51.8
Australian PP	14.7	14.7
Romanian PP	35.4	0
Total Proprietary Portfolio	**127.3**	**91.9**



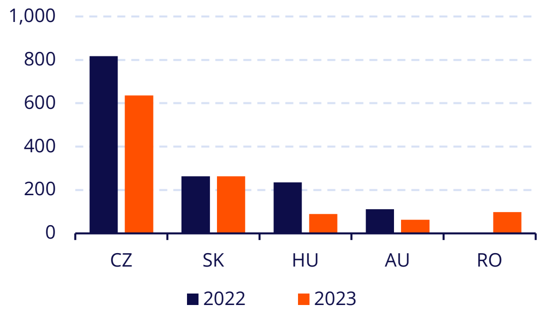
Strong Electricity Generation up by 14.6% YoY Thanks to New Capacities Added in Romania

Electricity Generation *(MWh)*	**2023**	**2022**
Generation Czech PP	15,989	16,671
Generation Slovak PP	10,558	11,353
Generation Hungarian PP	64,447	68,783
Generation Australian PP	27,742	24,800
Generation Romanian PP	21,069	0
Total Generation in the Period	**139,805**	**121,607**



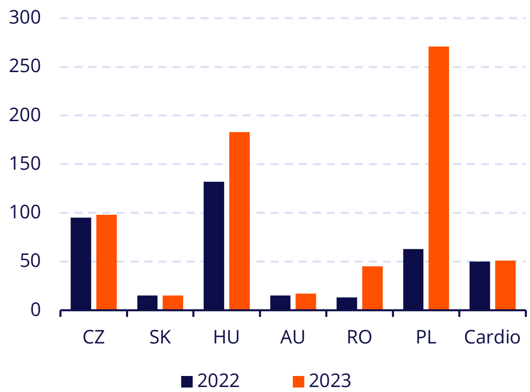
Electricity Prices Continued to Decline, Hence the Decision to Return to FIT in 2024

Realised Electricity Prices *(EUR/MWh)*	**2023**	**2022**
Czech PP	636	817
Slovak PP	263	263
Hungarian PP	90	235
Australian PP	61	111
Romanian PP	97	-
Total Proprietary Portfolio	**161**	**292**



Strongest Growth of O&M Contracts in the History of Photon Energy Group

O&M per Country *(MWp)*	**2023**	**2022**
Czech Republic	98	95
Slovakia	15	15
Hungary	183	132
Australia	17	15
Romania	45	13
Poland	271	63
Inverter Cardio / Europe	51	50
Total	**680**	**383**



Operational Highlights

In the Management's view, the most important events which influenced the Group's operations and consolidated financial results in year 2023 include:

35.4 MWp Added to IPP Portfolio

Between February and September 2023, the Group completed and grid-connected its first batch of Romanian PV power plants with a total capacity of 31.5 MWp, located in Siria, Aiud, Calafat, Teius, Faget and Sahateni. An additional 3.9 MWp, located in Faget, was commissioned in December 2023, bringing the total capacity of the proprietary portfolio to 127.3 MWp as of the end of 2023. Due to impediments related to the commissioning and DSO contracting processes, new power plants in Romania were commissioned significantly behind the assumed schedule.

Completion of Construction Works on 20.1 MWp in Romania.

In mid-2023, Photon Energy commenced construction on the second batch of new power plants in Romania, with a total capacity of 20.1 MWp. The construction works were technically completed by the end of 2023, but only one power plant, with the capacity of 3.9 MWp (Faget 2), was commissioned in the reporting period. The remaining 16.2 MWp were technically completed, in the connection process, and are described in the Subsequent Events section on page 46 of this report.

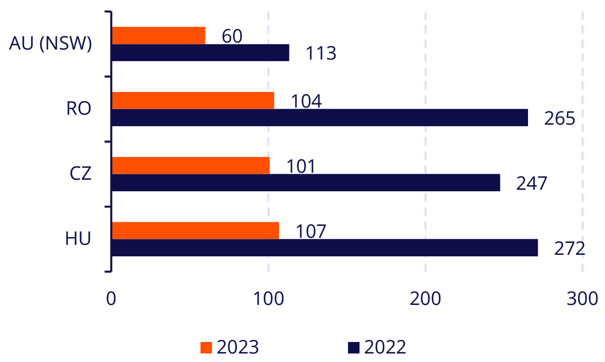
Electricity Generation of 139.8 MWp, up 15.0% YoY

The generation results of the proprietary portfolio in 2023 came in at 139.8 GWh, up by 15.0% YoY, compared to 121.6 GWh in 2022. This was possible thanks to additional new capacities added in Romania. This expansion came 16.2% below the energy forecasts, due to delays in the commissioning process of the first batch of 31.5 MWp power plants in Romania and a lower annual specific yield.

Declining Electricity Prices Resulted in Lower Revenues from Electricity Generation

Electricity prices on the day-ahead market declined on all markets where the Group was selling electricity on a merchant basis it is from 82%-87% of its IPP portfolio between Jan and Dec 2023.

Average Energy Market Prices (EUR/MWh)



In Hungary the average energy prices in 2023 of 107 EUR /MWh declined by -60.7% YoY from the average of 272 EUR/MWh. Similar trend was observed in Romania where prices went down from 265 EUR/MWh in 2022 to 104 EUR/MWh in 2023, -60.9% YoY. In the Czech Republic, the average energy prices amounted to 101 EUR/MWh in 2023 compared to 248 EUR/MWh in 2022, -59.3% YoY. In Australia, the situation was slightly different, with the first quarter still recording positive price development trends when the Australian power plants generated the most energy due to the summer season. Since April 2023, the situation has changed and prices have started declining resulting in an average prices of 98 AUD/MWh (61 EUR/MWh) in 2023 compared to 184 AUD/MWh (EUR 114/MWh in 2022), lower by -47% YoY.

This resulted in revenues from sale of electricity and certificates in 2023 of EUR 21.407 million compared to EUR 34.897 million in 2022, down by -38.7% YoY.

DSR Capacity of 375 MW Secured for 2024

On 16 March 2023, the Group's subsidiaries Lerta JRM Sp. z o.o. and Lerta S.A. (part of the Company's New Energy division) have succeeded in the additional 2024 Polish capacity auction with 375 MW of Demand Side Response (DSR). With the previously contracted capacity of 14 MW for 2024, the Company's total DSR capacity of 389 MW will lock-in PLN 116.8 million (EUR 26 million) in total DSR revenues for 2024.

EUR 21.9 Million Financing for Romanian Power Plants

On 17 March 2023, the Group closed a nonrecourse project refinancing agreement in the amount of EUR 21.9 million with Austrian Raiffeisen Bank International (RBI) for its portfolio of PV power plants with a total installed capacity of 31.5 MWp. Details on terms and repayment schedule can be found in Note 31: Loans and Borrowings of Financial Statements.

Tap of EUR 2.5 Million Green Bond 2021/2027

In March 2023 the Company increased its 6.50% Green EUR Bond 2021/27 (ISIN: DE000A3KWKY4) to a total amount of EUR 80.0 million. The additional nominal amount of EUR 2.5 million was placed through a private placement to institutional investors in the UK, Switzerland, Germany, and Austria. More details on this bond can be found in Note 32: Loans and Borrowings.

RayGen's Solar PV Project Has Officially Opened

On 31 August, the RayGen Power Plant in Carwarp, Victoria (near Mildura), with 4 MWp of solar generation capacity, a 2.8 MW AC grid connection and 50 MWh of storage was officially opened. This is the world's highest efficiency solar generation power plant and contracted its output to one of Australia's largest utilities, AGL Energy. With the successful commissioning of Carwarp power plant, RayGen focused on the next round of financing, which was completed and resulted in the revaluation of share option and equity stake that the Company holds in RayGen. For more details on the revaluation impact please see Note 23: Other Financial Investments.

O&M Contracts of Nearly 300 MWp Signed

During 2023, Photon Energy signed new contracts for O&M services, including full O&M and inverter maintenance solutions, for a total capacity of approximately 296 MWp. New clients were acquired primarily in Poland (208 MWp) and Hungary (51 MWp). In Romania additions result mainly from new capacities added of 35.4 MWp. Small capacities were added also in the Czech Republic, Slovakia and Australia.

Subsequent Events

Return to Feed-in-tariffs in the Czech Republic and Hungary

Towards the end of 2023, the Management Board took the decision to switch the Czech portfolio from the green bonus system back to the feed-in-tariff (FIT) for the year 2024. The same decision has been taken regarding our Hungarian portfolio. This decision, amidst declining electricity prices in 2023, indicates a strategic approach to mitigate the risk of low energy prices and its impact on the Group's profitability.

As a result of this decision, since 1 January 2024 all power plants in the Czech Republic have returned to the FIT system out of which 795 kWp are entitled to a FIT in the amount of 684 EUR/MWh while the remaining 14.2 MWp will receive a FIT of 637 EUR/MWh throughout 2024.

As of 1 April 2024, Hungarian power plants with the capacity of 35.0 MWp were also switched to FIT entitled to receive HUF 47,040 (EUR 119.25) per MWh, until the end of 2024 and subject to indexation in future years.

Remaining 11.2 MWp in Hungary will remain in the merchant model selling electricity on energy markets. The decision to return to the FIT system was possible thanks to Government Decree No 787/2021 (XII.27.), published on 27 December 2021, which came into effect on 1 January 2022, and which allows PV power plants to temporarily exit the support schemes and then return to the respective support schemes at any time after a 12-month period. In the case of Photon Energy Group's assets, the 12-month period passed on 1 April 2023.

As a result of both decisions, as of 1 April 2024 Photon Energy Group's total proprietary portfolio of 132.8 MWp has been rebalanced with 66.2 MWp of installed capacity under Feed-in-Tariffs and 66.6 MWp remaining in the merchant model, which results in an almost even split between FIT and merchant. The Management Board of Photon Energy N.V. is convinced that based on current electricity prices in Hungary and the Czech Republic, and the remaining market outlook for this year, the return to the support mechanism in Hungary, as well as the Czech Republic, was a justified decision. The rebalancing of the revenue model of the IPP portfolio provides the best risk-adjusted value solution for the Group.

Appointment of David Forth as the New Group CFO

As of 1 February 2024, the Board of Directors appointed David Forth as Group Chief Financial Officer, effective 1 February 2024. Mr. Forth will report directly to the Board of Directors of Photon Energy Group. To learn more about Mr. Forth's resume please see ESPI 3 / 2024 here.

First 20-Year On-site PPA Agreement With FORVIA

On 30 January 2024 a Hungarian subsidiary Photon New Energy Alfa Kft. signed a 20-year on-site power purchase agreement with FORVIA Clarion Hungary, a subsidiary of the global automotive industry leader FORVIA, for the construction and operation of an on-site solar PV power plant with an approximate capacity of 658 kWp. As we are seeing increasing demand from corporate sector for turn-key off-balance sheet solutions tailored to their renewable energy needs and we intend to provide more of such solutions based on our 15-year experience in the solar industry and our energy market capabilities.

Photon Energy Australia Secured a 20.8 MWp EPC Contract

In February 2024 Photon Energy Australia signed an contract for a 20.8 MWp solar project. Photon Energy was also selected to provide ongoing O&M services for the project moving forward.

Financing facility of up to EUR 15 Million with EBRD

On 24 January, the European Bank for Reconstruction and Development (EBDR) approved the financing facility of up to EUR 15 million. The funds will be used for the completion of power plants which are currently under construction, as well as the commencement of construction works on new ready-to-build projects in Romania. Other objectives of this financing facility relate to research and development costs for Photon Energy's Virtual Power Plant software platform and working capital related to capacity market collaterals. The EBRD loan is part of the funding provided by the European Union. The loan agreement is currently under negotiation.

Polish Capacity Market Contract for 316 MW in 2025

In March 2024, Photon Energy succeeded in the additional 2025 Polish capacity auction with a contracted Demand Side Response capacity of 315 MW. With the previously contracted capacity of 10 MW for 2025, the Company's total capacity obligation of 326 MW will ensure PLN 56.1 million (EUR 13 million) in Capacity Market revenues for 2025.

5.5 MWp Connected in Romania

As of the date of this report, new power plants with a total capacity of 5.5 MWp, were connected to the grid in Romania. These installations include Bocsa (3.8 MWp) and Magureni (1.7 MWp). As of the date of this report, Photon Energy's total IPP portfolio amounts to 132.8 MWp.

Research and Development

In 2023 Photon Energy Group invested approximately EUR 2.8 million into R&D to address the strategic needs of our business. The main areas of R&D include:

1) Developing new functionalities for our Virtual Power Plant (VPP) platform – a digital technology to aggregate energy from renewable sources including solar, wind and biogas, energy storage facilities, grid operators and consumers. Our VPP platform, which was acquired through the acquisition of Lerta, required upgrading to significantly extend and scale its capacity to aggregate customer generation assets. New functionalities aim to expand primarily our Demand Side Response and energy services and allow us to extend our market access in this segment and provided more flexibility to the energy system and the grid. The total R&D expenses related to VPP amounted to EUR 2.57 million in 2023.
2) Our continued R&D of our proprietary In-situ nanoremediation technology is showing very encouraging results in removing per and polyfluoroalkyl substances (PFAS) from groundwater and soil, and we are now concentrating our efforts on commercialisation. In 2023 we expensed in total about 0.25 million euro on the following R&D projects:

a) Enhanced In Situ Bioremediation for Contaminated Land Remediation (EiCLaR) – a European/Chinese consortium with the aim of developing scientific and technical innovations for in-situ bioremediation technologies.

b) LifePopWat – a European project promoting technological innovations based on constructed wetlands for the treatment of pesticide-contaminated waters.

c) LIFE4ZOO – water resources management in visitor attractions – a system which meets the challenges of both suboptimal water-use and low resilience to water shortages that are faced by zoos. This project demonstrates a structured and integrated approach to water management that supports local water re-use, decreases wastewater treatment demand, avoids surface water risks, and buffers water in engineered wetlands.

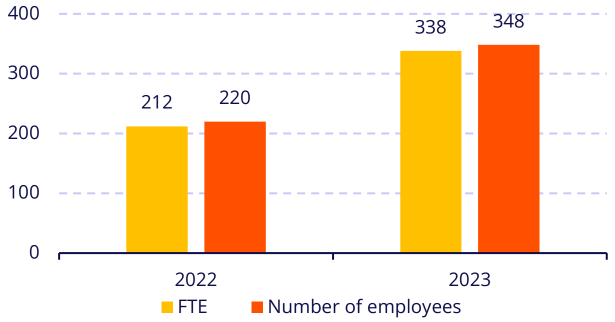
Human Resources

We are proud to have very diversified, skilled and dedicated employees who are driven by the values and vision of Photon Energy Group. Part of our success derives from our commitment to create equal employment opportunities, foster diversity, inclusion, and a sense of belonging. We are proud to report that in 2023 our adjusted Gender Pay Gap ratio amounted to 0.3%, which means that on average women in Photon Energy Group earned only 0.3% less than their male counterparts. This is an excellent result confirming our commitment to equality and inclusion. We strive to ensure supportive and productive work environment where employees feel respected and recognised for their efforts. In 2023 we implemented a self-evaluation Performance and Development tool, which is directly linked to the Group's values and strategic goals and is designed to motivate our employees to deliver on those goals.

Overall remuneration of employees is a combination of a fixed salary and variable bonus related to their performance. Additional benefits such as gym cards, meal vouchers, medical care are offered in line with the local market practises. Some of our employees participate in the Employee Share Purchase Programme, which gives them a right to receive an additional 10% bonus of the gross salary net of taxes, paid out in the Company's shares. More information on our commitments related to our human resources can be found in ESG section of this Management report.

As of 31 December 2023, Photon Energy Group employed 348 employees compared to 220 employees as of the end of 2022, translating into 338 FTE, compared to 212 FTE as of the end of 2022. This increase of the total number of employees YoY is mainly attributable to the addition of Lerta's employees but also the organic expansion of Photon Energy Group.

Total Number of Employees and FTE Employees



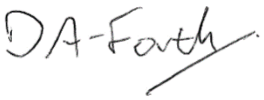
Full-time equivalent (FTE) *of 1.0 means that the person is equivalent to a full-time employee, while an FTE of 0.5 signals that the employee is only half-time.*

Sponsorship & Donations

In line with the Warsaw Stock Exchange Best Practices 2021, Photon Energy Group discloses the following amounts which were donated to various public institutions, sport clubs and other organisations in 2023.

No	Type of donation	Organisation	Amount
1	Sport	Football club Svatoslav	€ 836
2	Public institutions	City of Zdice	€ 12,637
3	Public institutions	SH CMS – Fire Brigade Svatoslav	€ 836
4	Other	Miscellaneous	€ 1,500
Total			**€ 15,810**

Amsterdam, 30 April 2024



David Forth, CFO of Photon Energy Group since 1 February 2024

Risk Management & Internal Control Systems

Internal Risk Management Systems

Risk management is an essential part of the business management systems, providing basis for the decision-making processes and optimizing the probability and the impact of risks that the Group is exposed to. The Group's risk management systems were established to identify and analyse risks faced by the Group, to set appropriate risk limits and control systems, and to monitor risks and adherence to those limits. The main focus is placed on the principal risks which could materially impact operational and financial results. The Group focuses on risks with a high impact on the business and/or high probability of occurrence, taking into consideration the Group's risk appetite. Our risk appetite refers to the nature and extent of risks we are willing to incur to achieve our strategic objectives, taking into account the current financial standing of the Group. Among others, the risk appetite considers possible revenue growth, earnings sustainability, capital management, environmental impact, employee well-being and safety, and value creation for all stakeholders. Proper identification of risks significantly reduces but does not eliminate the possibility that other risks can occur. Other events, facts or circumstances not presently known to the Group, or that the Group currently deems to be immaterial may, individually or cumulatively, prove to be important and may have a negative impact on the Group's business, financial condition, results of operations and prospects.

The Board of Directors is ultimately responsible for establishing, controlling and enhancing risk management and internal control systems. Day-to-day management of principal risks is performed by the risk manager, who reports directly to the Chief Executive Officer. Main areas of risk management systems include analysis of company risks, development and implementation of risks strategies, on-going risks assessment of customers and vendors in line with KYC and KYS policies, establishing VAR limits settings and real time monitoring in relation to energy markets, currency and interest rates. Other areas of risk monitoring systems include operational risks related to the group structure and tax systems.

In 2023, the Audit Committee performed a thorough review of the internal risk management systems, controlling and legal compliance policies, throughout the year and during its onsite visits. The assessment included the evaluation of the existing processes in place, human resources, its competences, and responsibilities as well as the reporting structure within the organization. The chairman of the Audit Committee performed the analysis through the consultations with the responsible personnel (the management, head of risk, the head of accounting and consolidation, head of legal, head of compliance). He reviewed the procedures and evaluated whether adequate resources are in place and discussed relevant topics with external auditors. The results of this analysis were discussed with the Management Board. It was concluded that given the size of the Company, the current measures with respect to internal risk management and control systems are appropriate and satisfactory.

Last not least, the Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations and adhere to internal policies.

Internal Control Systems in Connection with Financial Reporting

With respect to financial reporting, the Company's general objective is to have reliable reporting and ensure that transactions are recorded and reported completely and correctly.

Key elements of the internal control system include budgeting, defining operational key performance indicators (KPIs) and financial goals set for each business segment on annual basis. Budgeting and forecasting processes are performed primarily by the controlling department with close cooperation with the individual business representatives and with support of project financing, asset management and consolidation and reporting departments. Potential deviation between budget actuals is discussed and analysed by stakeholders and responsible managers and corrections are incorporated into the updated versions of forecasts/budgets. The management monitors the progress on achieving KPIs and the actual results of the Group's operating activities. The business reviews are performed on quarterly basis. Our financial reporting procedures and internal control systems are continuously improved, to ensure reliable and transparent presentation of the financial results.

The Board of Directors reviews the Group's financial performance and assesses whether adequate processes are in place to evaluate the risks and effectiveness of control measures related to the financial reporting process at all levels of the organization. The Audit Committee oversees the Company's finances, financial reporting as well as the Internal Audit functions, as part of the Company's corporate governance procedures.

In 2023, the management identified deviations from expected results and communicated those revised expectations on 17 August and 13 November, i.e. upon publication of the quarterly results.

During preparation of the Annual Report and Accounts for 2023, the management identified the errors in Q4 2023 report published on 19 February 2024 and published the correction to Q4 2023 results in form of ad-hoc report on 18 March 2024. The errors result from accrued income from certain intercompany transactions being incorrectly identified as third-party revenues. The impact on EBITDA follows directly from the reduction in revenues but with some mitigations. The Group has taken steps to immediately warn the market of possible deviations from the expected results published on 19 February 2024 and to improve its internal control procedures related to intercompany transactions to avoid such errors occurring in the future.

The risks related to the internal control systems in financial reporting has been clearly identified and certain measures were taken to mitigate those risks to the highest possible extent by our top management within their relevant function.

Compliance Management

The Group has a very low risk acceptance level with regards to risks relating to compliance with legislation and regulations. The Group's Code of Ethics and Anti-bribery and Anti-corruption Policy act as control measures against bribery and corruption, alongside the Misconduct Reporting Policy.

Tax policies are formulated by both the Group and individual companies. The Group follows the rules to tax profits in the countries it provides its services. The Group does not engage in any aggressive tax planning or structuring activities. There is no formalised tax policy, however certain procedures are in place:

1) The Group engages certified tax advisors in each country in which it operates to comply with local tax requirements.
2) The Group regularly monitors developments in taxation and related areas and continually evaluates their impact on the Group. Identified tax risks are regularly monitored and evaluated.
3) The Group undertakes analysis of tax risks before entering new markets.

Principal Risks Related to the Group's Business and the Industry in Which It Operates

Risk of Dependence on Support of Photovoltaics

The Group is dependent on the economic development of the photovoltaic market. In the majority of countries worldwide the photovoltaic sector is not yet competitive without state subsidy programs, especially in comparison with the use of conventional energy sources (e.g. nuclear power, coal, and natural and shale gas). Therefore, the commercial operations of the Group are influenced by the continuation of state-managed subsidy programs for photovoltaics.

In July 2021, the Slovak Republic decided to prolong and reduce the feed-in tariff for PV power plants connected in 2010 and 2011. The value of Company's Slovak portfolio is not impacted by any of the measures adopted by the Slovak government. In the Czech Republic, a price cap of EUR 180 per MWh has been introduced from 1 December 2022 to 31 December 2023 for PV installations with an installed capacity exceeding 1 MWp. Above the cap price a 90% tax applied. However as of 1 January 2024 the Group has switched its Czech power plants from merchant model back to feed-in-tariffs (FIT). Out of 15.0 MWp portfolio currently 0.8 MWp is entitled to a FIT in the amount of 684 EUR/MWh while the remaining 14.2 MWp will receive a FIT of 637 EUR/MWh throughout 2024.

In June 2022 the Hungarian government issued a decree introducing a 65% tax on the excess revenues (that is above the feed-in-tariff/contract-for-difference price of EUR 85 per MWh) generated by solar PV power plants which had either exited one of the support schemes or had been awarded a METÁR license in auction but did not execute the contract-for-difference with the designated Hungarian state entity for the financial years 2022 and 2023, excluding power plants with built-in capacity under 0.5 MW. As of 1 April 2024, some of the Group's Hungarian power plants with capacity 35 MWp were switched from merchant model to FIT and shall receive FIT of 47,040 (EUR 119.25) per MWh. The remaining 11.2 MWp of power plants will continue selling electricity on the energy market.

The Romanian government has introduced a price cap of RON 450 per MWh of solar PV generated electricity from 1 September 2022 until 31 March 2025. Above the price cap an 80% solidarity tax applies. However, in March 2022 Law 27/2022 has been passed which explicitly exempts all new electricity generation capacity commissioned after 1 September 2022 from any price caps. Based on the status quo the Company's power plants in Romania will not be subject to the price cap.

Based on the status quo of price caps and windfall taxes adopted by the governments in the Group's core markets in the CEE region the Management Board of the Company does not expect any negative impact on the prices and revenues expected in the Czech Republic, Slovakia and Hungary. In Romania all power plants sell electricity on the merchant basis hence do not rely on any form of state support.

The Group assesses the probability of this risk as medium. If the risk occurs, the impact on the Group's operations and financial results would be moderate.

Risk Associated with the Valuation of Special Purpose Vehicles

In its Consolidated Financial Statements, the Group is using for revaluation of the special purpose vehicles (SPVs) and its property the Discounted Cash Flow (DCF) method based on IAS 16 rules. In the financial statements, the updated value is higher than the purchase price, and consequently also above the acquisition costs. There is a risk that the assumptions and foundations of the evaluation will prove to be incorrect or overly favourable and that extraordinary impairment in the balance sheet of the company will be necessary. Extraordinary impairment of this kind could harm or burden the balance sheet as well as the results of the Group's operating activities. The Group assesses the probability of this risk as medium, with a potentially moderate impact on the Group's operations and financial results.

Risk Associated with Projects in the Pipeline

In addition to the continued monetisation of its current portfolio of photovoltaic installations in operation, the Group also intends to develop and either sell or operate additional PV projects, including both projects developed by the Group and those acquired from third parties. Development and/or acquisition of a project is always based on an economic calculation which involves certain assumptions, such as the development of market interest, feed-in tariff, electricity prices or the price of green certificates. If these assumptions should prove to be incorrect, or if certain factors develop differently to what was planned, this could have an adverse effect on the profitability of a PV installation. All of the aforementioned factors could have a material adverse effect on the Group's business, results of operations or prospects. The Group assesses the probability of this risk as medium, with a potentially moderate impact on the Group's operations and financial results.

Regulatory Risk

In the countries where the Group operates, the market for solar projects, solar power products and solar electricity is heavily influenced by national, state and local government regulations and policies concerning the electricity utility industry, as well as policies disseminated by electric utilities. These regulations and policies often relate to electricity pricing. It is the Group's intention to integrate PV power plants that are not supported by the state into its portfolio. However, in these cases there is the risk of reduced income from the integrated power plants due to falling electricity prices. In the worst-case scenario, there could be low or no positive operational cash flow generated, which in turn would lead to a situation where there can be no pay-outs to the Group. The Group intends to actively manage the revenues from merchant power plants using electricity market hedging instruments (where available) and/or by entering into PPA agreements with various durations and volumes. In 2023, the management took a decision to return to FIT in the Czech Republic and Hungary, which was effective as of 1 January and 1 April, respectively, hence reducing its exposure to the energy prices fluctuations but increasing this regulatory risk. Depending on the scope, any of these circumstances could have a potentially adverse influence on the Group's financial situation, status and results. The Group assesses the probability of risk as medium, with a potentially moderate impact on the Group's operations and financial results, mitigated by the Group's geographical diversification.

Risk Associated with Cybersecurity

Increased threats of potential cyber risks and related requirements that will have to be implemented because of the NIS 2 Directive (energy industry considered as the essential infrastructure) has placed IT and cybersecurity high on the strategic agenda. The NIS 2 Directive entered into force in January 2023 and requires Member States to translate the Directive into national legislation by October 2024. The directive sets out cybersecurity risk-management measures and reporting obligations. NIS2 contains stronger requirements for a broader scope of actors, including a broader set of mandatory cybersecurity risk-management measures and new incident notification requirements. For organizations in scope of this directive, new cybersecurity requirements will be imposed. With the translation into national legislation yet to be developed, there is still some unclarity on what to expect regarding the new requirements.

The Company carried out an ISO/IEC 27001 audit. The audit aimed to ensure the confidentiality, integrity, and availability of information assets within the organization. Based on the assessment, security status within the Company is considered on low level. Most of the controls are not formalized, monitored, and tracked. We devised an action plan based on the audit findings, which is already being implemented. A Policy on Use of IT assets have been developed as a first step. The policy objective is to contribute to the protection of the Company assets, train, and guide employees, provide clear outline and information on how to prevent cyber-attacks and prevent the release of confidential information. The goal is to implement secure processes and effective controls and create a safe culture and environment.

The Group has several cyber security systems in place and is permanently updating them. Document storage is cloud only with backup to a different cloud. Servers hosting business critical applications are deployed in cloud environment, all communication with these servers is secured with encryption. These cloud servers are backed up to our on-site server. Communication concerning applications operated by Photon Energy Group takes place using secure and encrypted protocols. Every employee is acquainted with the cybersecurity rules during the onboarding process and documents with these rules are available on the intranet. User login is secured with MFA (multi-factor authentication) to protect against credential leaks. We have also implemented SSO (single-sign-on) where possible to reduce password usage / possibility to compromise the password. An IT helpdesk is also accessible to report any issues encountered in this area. The Group assesses the probability of this risk as relatively low with a potentially moderate impact on the Group's operations and financial results.

Principal Financial Risks

The Group has exposure to the following financial risks:

- Sovereign
- Operational
- Currency
- Credit
- Liquidity
- Interest Rate
- Inflation
- Force Majeure

In the notes to the Consolidated Financial Statements, information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Please refer to Note 6. Financial Risk Management for the detailed description on those risks.

Climate Change-related Risks

Climate change represents both strategic and operational risks to our business. These can be grouped as physical risks and transitional risks. Physical risks include greater severity of flooding, droughts or other extreme weather events which could disrupt our operations and supply chain. Transitional risks range from regulatory frameworks and the rising price of carbon to the viability and customer acceptance of emerging technologies. Another transitional risk is our ability to set and meet Paris-aligned targets.

Our actions related to climate change mitigation are detailed in the Group's Sustainability reports. Our 2023 Sustainability Report does not represent a part of this Annual Report 2023. Please refer to our 2023 Sustainability Report which is available on our website in section sustainability.

Physical Risks

Risk of Natural Disasters

The Group's business could be materially and adversely affected by natural disasters or other catastrophes, such as earthquakes, fires, floods, hail, windstorms, severe weather conditions and environmental accidents, which could potentially cause power loss, communication failures, explosions or similar events. As a result of any damages to the Group's facilities, the Group could have to temporarily suspend part or all of its facilities' operations. Furthermore, authorities could impose restrictions on transportation and implement other preventive measures in affected regions to deal with a catastrophe or emergency, which could lead to the temporary closure of the Group's facilities and declining economic activity at large. Moreover, if a natural disaster results in the damage of any of the Group's PV power plants, the Group's ability to fulfil its liabilities may be considerably impaired, particularly if the damage is not covered by insurance. All of the aforementioned circumstances would have a significantly adverse effect on the Group's financial situation, status and results. The Group assesses the probability of risk as low, with low potential impact on the Group's operations and financial results thanks to the geographic diversification of the Group's business.

Meteorological Risk

The performance and therefore the earning potential of the companies within the Group are often dependent upon meteorological conditions. Certain revenues for a generated kWh of energy are admittedly guaranteed on the basis of the state subsidy programs; however, the volume of energy generated depends on the period of sunshine and the sun's radiance. The Company's subsidiaries have used certain historically based assumptions in cash flow planning. It is, however possible that climatic conditions could change in the future and that predictions regarding weather patterns and hours of sunshine could prove incorrect. In cases such as these, electricity generation at PV power plants would be below the expected level, adversely affecting the asset, financial and earnings positions of the respective project companies and on the Group as a whole. The earnings from PV power plants are subject to seasonal fluctuations in the weather. As such, earnings are higher in the summer months and fall off significantly in winter. The companies within the Group try to adapt their payment obligations, especially with regard to interest and loans, to incoming payments. However, it cannot be ruled out that such adaptations may not always be possible, which could result in an adverse effect on the asset, financial and earnings position of the Group. With the realisation of investment projects in Australia, the overall financial liquidity of the Group will become less seasonal due to the diversification of locations in the northern and southern hemispheres. Additionally expansion of the business model, upon acquisition of Lerta and addition of new revenues streams from the capacity market and electricity trading, which is negatively correlated to the generation of power plants, could mitigate this risk further. The Group assesses the probability of risk as low, with low potential impact on the Group's operations and financial results.

Transitional Risks

Environmental Risk

In environmental matters, the Group must comply with laws, regulations and directives valid in the location of each PV power plant; these laws regulate such things as airborne emissions, sewage, the protection of soil and groundwater as well as health and safety. Transgressions against these environmental provisions can be pursued according to civil, criminal and public law. In particular, temporary provisions could encourage a third party to begin a legal process or to demand costly measures to control and remove environmental pollution or to upgrade technical facilities. The properties necessary for PV power plants are partially owned by the respective SPV. It cannot be ruled out that sites may be contaminated. The respective SPV is responsible for the removal of any pollution, regardless of the cause. This could result in liability risks and costs related to administrative orders or requirements. All of these circumstances could have a negative impact on the financial situation, status and results of the Group. The Group assesses the probability of this risk as low, with low potential impact on the Group's operations and financial results.

Climate Governance

A key element of the Group's increasing focus on sustainability is the development of strong ESG practices. In adopting a strategic approach to sustainability, the Group addresses material external risks, to become more resilient and adaptable in the face of challenges such as climate change and creating a space for new ideas and creative responses. In 2020, we laid the foundations for strategic management, controlling and reporting practices that are fully geared toward sustainability. A sustainability department works closely with the management board and representatives from several business units within the Group. The objective of the department is to monitor the strategic coordination of the Company's sustainability plans. Beyond the Company's work developing solar energy and clean water solutions, various policies are in place to ensure that our dedication to environmental causes is also reflected in our internal practices:

- All of our field operations are subject to local environmental regulations, which we strictly adhere to.
- When disposing of waste, all recyclable materials such as metal, wood, plastic, glass and paper are sorted and recycled.
- We generally do not use chemical fertilisers or pesticides for landscape management.
- For the cleaning of PV panels, we use only demineralised water, no chemical agents.
- When clearing land to construct new power plants, we conduct in-depth biodiversity studies and implement measures to ensure that any unavoidable impact is minimised or reversed.
- We follow all local guidelines and regulations regarding community involvement and consultation.
- When working with subcontractors, we prioritise local suppliers to have a positive impact on the local economy through job creation.

Our actions related to climate change mitigation are detailed in the Group's Sustainability reports. Our 2023 Sustainability Report does not represent a part of this Annual Report 2023. Please refer to our 2023 Sustainability Report which is available on our website in section sustainability.

The complete list of our ESG commitments can be found in 2023 Sustainability Report which is available on our website in section sustainability.

Sustainability

2023 Highlights

Tracking our **CO_2e footprint** across Scope 1, 2 emissions, and some elements of Scope 3 emissions.

Ensuring the quality and sustainability of our operation and maintenance through **ISO recertification.**

Employee engagement and **ESG survey,** Gender Pay Gap ratio of 0.3%.

Stakeholder Engagement Policy to reinforce a constructive dialogue with stakeholders.

CSR Day program as part of our donation policy enhancing our engagement with local communities.

Third-party Conduct Principles to improve our **due diligence process on human rights in our supply chain.**

For further details, read our 2023 sustainability report at ir.photonenergy.com/sustainability.
Please note that sustainability report is not a part of the Annual Report for the year 2023.

Environmental Data	**2023**	**2022**	**2021**
Percentage of revenues connected to activities which create sustainable value	100%	100%	100%
Clean energy generated by our Proprietary portfolio of PV power plants	139.8 GWh	121.6 GWh	103.3 GWh
Assessment of our carbon footprint across scope 1 and 2 emissions (CO_2e tonnes)	670.8	409.6	342.8
CO_2e	58,286 tonnes *(+19.0%)*	49,013 tonnes *(+11.7%)*	43,867 tonnes *(+47.8%)*
Social Data			
Number of full-time staff / number of employees	338 / 348 *(94%)*	212 / 220 *(96%)*	141 / 144 *(98%)*
Percentage of female employees	37%	37%	37%
Number of employees who completed training courses	230 / 348 (66%)	145 / 220 (66%)	64 / 144 (44%)
Turnover ratio	35%	23%	36%
Adjusted Gender Pay Gap between male and female employees (as a % of male gross salary) ** analysis performed based on comparable job positions*	0.3%	2.3%	na
Lost time injuries	0	0	0
Governance Data			
Contributions to political parties as percentage of total revenues	0%	0%	0%
Claims against the Company ruled by a court as a percentage of total revenues	0%	0%	0%
Gender equality Board of Directors (female/male)	0%	0%	0%
Gender equality Supervisory Board (female/male)	33%	33%	50%
Responsible procurement, subjected to due diligence	100% of our technology purchases	100% of our technology purchases	95% of our technology purchases

Sustainability Rating

Our ESG performance was reconfirmed in May 2023 as 'very good', scoring 77/100 from imug | rating, a leading German sustainability rating agency. Independent sustainability rating ensures that we hold ourselves to the highest standards and provide stakeholders with confidence in our genuine commitment to a sustainable business model.

imug | rating has over 20 years of experience in sustainable finance and socially responsible investment (SRI), making it one of the leading sustainability rating agencies in Germany and a specialist in customised ESG research.

VERY GOOD
SUSTAINABILITY RATING 2023
imug rating
by EthiFinance

Environment

Environmental stewardship is integral to our operations at Photon Energy Group. We adhere strictly to local environmental regulations, ensuring compliance and accountability in all our field operations. From waste management to landscape maintenance, we prioritise sustainable practices to minimise our ecological footprint and uphold our commitment to environmental preservation.

- **Monitoring Environmental Impact**

  The potential negative environmental impact of our projects is identified during the project development stage, and corresponding investigations are carried out for small-scale projects. For larger projects, mainly in Australia, environmental impact assessments (EIS) are carried out. During such assessments, a large amount of information on the environmental impact of each project is documented and then published as part of the approval process. We take great care assessing, managing, and monitoring any possible impacts on local communities.

  We are committed to minimising our impact on the environment, and to ensure the health and safety of communities impacted by our work, by complying with relevant state and local environmental policies as well as industry-specific legislation. During the construction, operation, and maintenance of our PV power plants, we have not encountered any incidents or injuries impacting the communities neighbouring our sites.

- **Comprehensive Waste Management**

  We have implemented an Extended Producer Responsibility (EPR) system for on-site construction waste management. This proactive approach ensures proper disposal and recycling of waste generated during the construction of our PV power plants. During the construction phase of Faget, Calafat, Magureni, Auid, Teius, Siria and Sahateni PV power plants in Romania, 47.9 tonnes of waste were collected and either reused or recycled. Through partnerships with certified waste management facilities, we strive to divert as much waste as possible from landfills.

- **Chemical-Free Landscape Management**

  For the cleaning of PV panels, we use only demineralised water, no chemical agents.

- **Mitigation of Impact on Biodiversity**

  When clearing land to construct new power plants, we conduct in-depth biodiversity studies and implement measures to ensure that any unavoidable impact is minimized or reversed. We prioritise sensitive methods to minimise disruption to fauna. This includes directional clearing and avoiding clearance during bird nesting season. Additionally, we take measures during construction and operation phases such as fencing off storage areas and minimizing lighting to reduce disturbance to wildlife.

  Photon Water is participating in various initiatives such as construction of wetlands for treatment of pesticide contaminated waters, aiming to reduce levels of Hexachlorocyclohexane (HCH), a persistent organic pollutant, in stream water.

  Biodiversity projects are in progress at four of our power plants in the Czech Republic, as part of an agreement with the Department of Ecology of the Czech University of Life Sciences in Prague. Currently underway is the initial phase of this long-term endeavour, which involves studying biodiversity characteristics unique to each location. Experts in insect and crop sciences are actively involved in identifying suitable crops for cultivation around the PV panels. By thoughtfully selecting plant species and nurturing diverse ecosystems around our power plants, we contribute to the preservation and restoration of natural habitats.

- **Minimising Our Carbon Footprint**

  Our solar power plants generated 139.8 GWh of clean electricity in 2023, contributing to the avoidance of 58,286 tonnes of CO_2e emissions compared to conventional electricity production. In 2023, total scope 1 and 2 emissions amounted to 670.8 tonnes of CO_2e, representing a 64% increase from 2022. This increase is related to our business growth and the acquisition of Lerta, which nearly doubled our headcount and added new offices in Poland. At the same time, we intensified our efforts to reduce CO_2e consumption. These efforts included increasing our electric car fleet and choosing trains instead of heavy trucks in our freight related to technology trading business.

  In 2023 we started collecting data on scope 3. This data collection represents a significant step enabling us to set up and improve carbon reduction targets. Moving into subsequent phases of our carbon emissions reporting program, data will encapsulate complete scope 3 emission or indirect emissions not included in scope 2.

- **Clean Water Solutions**

  Through Photon Water in the Czech Republic, we participated in several projects which aimed to improve water quality and management systems. In Jablonec nad Nisou we implemented measures to improve water quality in the Mšeno Reservoir using floating vegetation islands and an ultrasound technology to eliminate cyanobacteria growth. Our technology does not require the use of chemicals or additives and does not create any harmful by-products. At Bubenec pond in Řeporyje-Praha our goal was to revitalise the pond from its poor structural and technical condition, desilt the pond, and reconstruct the reservoir's fortifications and functional objects. In Dubnice, Northern Bohemia we were responsible for the construction of a system of pools to retain water, create new habitats and provide a relaxation area for village residents and visitors. In the city of Tábor we continuously automated the chemical precipitation of nutrients in the Košínský potok stream in order to improve the quality of bathing water in the Velký Jordán reservoir. In water source areas of Poděbrady-Kluk and Písty, we have performed repair works and regeneration of existing water wells, construction of new wells, overall hydrogeological service of two large water source areas. In both the Czech Republic and Australia Photon Water begin the PFAS_Tech project, which aims to advance and validate technologies designed to remove PFAS contamination from the environment. Specifically, the project concentrates on two critical aspects: the treatment of drinking water and the in-situ remediation of PFAS in groundwater.

Social Conduct

Commitments Related to Human Resources

We are proud to have built a dynamic, diverse team of colleagues, comprising 26 nationalities. This vibrant community is one of our greatest strengths and we are dedicated to its continued enrichment. Our key social commitments and initiatives related to our human resources include:

- Stringent health and safety policies and procedures ensuring compliance with applicable laws and regulations.
- Equal employment opportunities, regardless to gender, race, religion, disability, sexual orientation, or age. Embracing diversity and inclusive work environment is clearly visible in a diversified cultural profile of our employees. In 2023 our Group adjusted Gender Pay Gap (GPG) ratio calculated according to the formula = (average gross male earning – average gross female earning)/ average gross male earning * 100% amounted to 0.3%. This value means that on average woman in Photon Energy Group earns only 0.3% less than her male counterpart, which we view as an excellent result. Group adjusted GPG is calculated using eleven comparable positions across four countries, including eighteen women and seventeen men.
- Self-evaluation through an online Performance and Development platform. This is designed to help our employees and managers to define operational goals and objectively measure performance, aligned with a merit-based remuneration policy, including performance-related bonuses, individual bonuses, a long-term incentive plan, and project-based special pay-outs.
- Family-friendly regulations to achieve optimal work-life balance. This entails offering flexible job arrangements, including remote work options and digitised workplaces. Our home office policy, coupled with trust-based, flexible working hours, allows employees to work remotely, accommodating their individual needs and preferences.
- Improving our intranet to enable international working groups, networking, and connection. Regular business updates via our internal newsletter, and regular all-staff meetings and Q&A sessions with our CEO to maintain strong corporate culture.
- An internal ESG survey showed that 98% of our employees agreed or strongly agreed that working in a green company has been motivating. Around 95% of employees agreed that equal opportunities and respectful treatment are valued in Photon Energy Group. Last but not least, 92% of employees agreed or strongly agreed that equal opportunities for women exist in pay, promotions, and leadership roles.

Commitments Related to Communities

We recognise the profound impact that our operations might have on local communities. As a responsible company, we prioritise fostering positive relationships with the communities in which we operate. Our social commitments include:

- Engaging in preliminary discussion with local authorities as a mean of ensuring each project's compatibility with territorial and community policies.
- Safeguarding the privacy of our customers, suppliers, and employees' data. We have policies and procedures in place to ensure that sensitive data is protected, including electronic data stored in our systems.
- We follow all local guidelines and regulations regarding community involvement and consultation.
- When working with subcontractors, we prioritise local suppliers to have a positive impact on the local economy through job creation.

Other initiatives which prove our commitments to give back to local communities included:

- A new CSR Day program launched in January 2023 which enables employees to donate one working day to a charity of their choice, within the scope of our Donation Policy. Such volunteer work allows employees to make a positive impact, connect with people in local communities and improve our environment.
- In 2023, We have fortified our supply chain due diligence process for third-parties to integrate human rights considerations into our evaluation process effectively. Additionally, we initiated the implementation of new procedures for Know your Customer (KYC) and Know Your Supplier (KYS) to further ensure ethical and responsible business practices.

More details on our social and environmental initiatives can be found in our 2023 Sustainability Report, which is available on our website our website in section sustainability. Our 2023 Sustainability Report does not represent a part of this Annual Report 2023. For more details on corporate governance, see the Corporate Governance section of this report.

Shares & Bonds

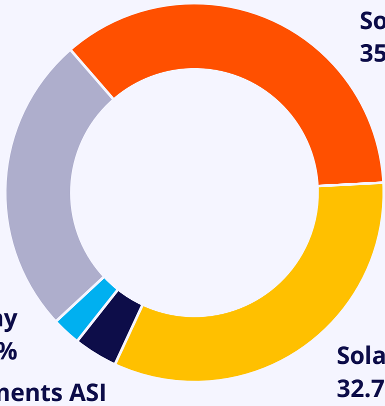
Share Capital

The company's issues share capital is EUR 612,385 divided into 61,238,521 shares with a nominal value of EUR 0.01 each. Each share has one vote at the General Meeting of Shareholders, with the exception of the treasury shares held by the Company. The Company's share capital is described in the Corporate Governance section and Note 4.3.5 Share Capital and Note 29. Capital and Reserves.

There is no limitation on transfer of the Company's shares with the exception of the restriction imposed on employees who participate in the Company's Employee Share Purchase Programme (ESPP). According to the ESPP, employees are not allowed to sell their shares for the period of three years from the moment the shares were deposited on their account.

In addition, certain restrictions are imposed on the Company to acquire and hold its own shares. Under Article 9.1, the Company may only acquire fully paid-up shares in its own share capital for no consideration or provided that the Company's equity minus the acquisition price is not less than the aggregate amount of the issued share capital and the reserves which must be maintained pursuant to the law. No acquisition pursuant to Article 9.1 shall be permitted if a period of six months following the end of a financial year has expired without the annual accounts for such year having been adopted.

Shareholding Structure



Solar Future and Solar Power to the People are controlled by the co-founders and Board of Directors members of Photon Energy N.V. For details please see Corporate Governance section of this Management Report.

Share Trading Details (ISIN: NL 0010391108)

Trading of the Company's shares on the regulated markets of the Warsaw Stock Exchange (WSE) (Giełda Papierów Wartościowych w Warszawie) and Prague Stock Exchange (PSE) (Burza cenných papírů Praha) commenced on 5 January 2021.

Prior to that date, the Company's shares were traded in the alternative system of trading i.e. on NewConnect organized by the Warsaw Stock Exchange and on the Free Market of the Prague Stock Exchange.

Market: GPW Parallel Market, Warsaw, Poland
Ticker: PEN
Web address: www.gpw.pl

Market: Standard Market, Prague, Czech Republic
Ticker: PEN
Web address: https://www.pse.cz/en/

Market Maker in Poland

Dom Maklerski PKO Bank Polski
Address: ul. Puławska 15, 02-515 Warszawa, Poland
Web address: www.dm.pkobp.pl

The admission to listing and trading of the Company's shares on the Quotation Board of the Frankfurt Stock Exchange followed on 11 January 2021.

The Company's shares have been listed on the electronic trading platform XETRA (provided by the German Stock Exchange) since 7 December 2022.

Market: Quotation Board of the Frankfurt Stock Exchange, Germany
WKN: A1T9KW
Web address: https://www.boerse-frankfurt.de/

Market: Xetra
WKN: A1T9KW
Web address: https://www.boerse-frankfurt.de/

Dividend Policy

The Company's strategy is to create value for its shareholders through strong expansion in the globalising photovoltaic industry. For as long as value-creating growth and investment opportunities exist, the Board of Directors does not intend to propose to distribute dividends to shareholders.

Employee Share Purchase Programme

The management of the Company recognises the significant contribution of the team members to the future development of the Group. Therefore, it operates an Employee Share Purchase Programme as a part of its motivation system. Under the terms of the programme, the Group periodically purchases shares for participating employees equal to 10% of their gross compensation net of taxes. Starting from 1 January 2023, participants of the Employee Share Purchase Programme have the right to dispose their shares after three-yar period of holding them.

During the reporting period, the Company transferred in total 67,675 shares to its employees eligible for the share bonus in line with the Employee Share Purchase Programme.

Share Performance in 2023

Main Market of the Warsaw Stock Exchange

Selected Share Information	PLN
Opening price (2 January 2023)	13.10
52-week max (16 February 2023)	13.88
52-week min (28 December 2023)	7.94
Closing price (29 December 2023)	**8.12**

Source: www.gpw.pl

The trading volume in 2023 amounted to 3,419,137 shares compared to 5,290,368 shares in 2022.

Main Market of the Prague Stock Exchange

Selected Share Information	CZK
Opening price (2 January 2023)	67.60
52-week max (19 June 2023)	70.40
52-week min (27 December 2023)	44.80
Closing price (29 December 2023)	**45.90**

Source: http://www.pse.cz

The Company reports a yearly trading volume of 3,076,521 shares in 2023, compared to 4,903,269 shares traded in 2022.

Xetra

Selected Share Information	PLN
Opening price (2 January 2023)	2.77
52-week max (1 June 2023)	2.945
52-week min (27 December 2023)	1.79
Closing price (29 December 2023)	**1.83**

Source: www.gpw.pl

The trading volume in 2023 amounted to 622,570 shares. There is no comparable data for year 2022.

Quotation Board of the Frankfurt Stock Exchange

Selected Share Information	EUR
Opening price (2 January 2023)	2.745
52-week max (12 June 2023)	2.925
52-week min (29 December 2023)	1.776
Closing price (29 December 2023)	**1.776**

Source: https://www.boerse-frankfurt.de/

The trading volume in 2023 amounted to 152,396 compared to 491,280 shares in 2022.

Our Bonds

As of the reporting date, the Company has one outstanding 6.50% Green EUR Bond 2021/2027 (ISIN: DE000A3KWKY4) which was initially placed in the amount of EUR 55 million in November 2021. During year 2022 the Company successfully increased its Green EUR Bond 2021/27 to a total amount of EUR 77.5 million. In March 2023 the Company successfully tapped its bond by additional amount of EUR 2.5 million to the total of EUR 80.0 million.

In August 2023 the Company repurchased EUR 0.615 million of nominal value. As of the reporting date the total outstanding amount of Green EUR Bond was EUR 79.4 million

The Company intends to use the net proceeds of the green bond placement to finance or refinance, in part or in whole, new and/or existing eligible assets, as well as financial instruments that were used to finance such projects or assets, in accordance with the Company's Green Finance Framework, enabling Photon Energy Group to make a significant contribution to an environmentally friendly future.

Green EUR Bond 2021/2027 was confirmed by imug | rating with regard to its sustainability in a Second Party Opinion, and can be traded on the Open Market of the Frankfurt Stock Exchange.

On 13 December 2023 the Company repaid the outstanding amount of CZK 76.2 million (EUR 3.1 million) of its CZK 7-year corporate bond with a 6% annual coupon and monthly payments in the Czech Republic.

Bonds Performance in 2023

CZK Bond Trading Performance in Prague

Our Czech 2016/2023 CZ Bond was not traded during year 2023 and was paid back on 12 December 2023.

Green EUR Bond 2021/27 Trading Performance in Frankfurt

In the trading period from 1 January 2023 until 31 December 2023, the trading volume amounted to EUR 5.113 million (nominal value, in Frankfurt) with an opening price of 101.69 and a closing price of 69.00 in Frankfurt, compared to EUR 3.544 million (nominal value, in Frankfurt) with an opening price of 102.00 and a closing price of 102.40 in year 2022.

Communication with Investors

Communication with investors has always been more than a mere legal requirement to Photon Energy Group. We believe it is a means to build trust in our business practices and an opportunity to be transparent about our financial health and business achievements. During the reporting period, the following actions have been taken:

- The Company's website continued to be developed to ensure it remains a principal source of information on the Group and its activities. An **Investor Relations news service** allows investors to stay up-to-date on company announcements, reports and other ad hoc information.
- The Company hosted live webcasts to present its quarterly results. Presentations and video recordings of the events are available in the Investor Relations section of our website.
- The Company participated in the German Spring Conference held in Frankfurt in May 2023
- The Company participated in the Wallstreet Conference in Karpacz in May 2023.
- The Company participated in the AlsterResearch Renewables Conference held online in May 2023
- The Company participated in the Deutsches Eigenkapitalforum held in Frankfurt in November 2023

Going Concern

Management Statement

During 2023, Company encountered difficult market conditions that resulted in overall worsening financial results at the level of EBITDA and total negative net loss.

While assessing the going concern for the Company, Management considered several critical scenarios including the following going concern risk triggers, such as:

- Results presented in the most recent financial statements;
- Industry conditions;
- Belated payments of non-core business-related liabilities;
- Inability to comply with the terms of loan agreements;
- Specific forecast events.

In order to diminish the negative 2023 results, the impacts of the above listed triggers, and to improve the Company's financial position in 2024 and onwards, management of the Company took following decisions:

- Change from merchant scheme to Feed in Tariff scheme in Hungary, ensuring the guaranteed electricity revenues with no adverse impacts of the volatile market developments. This measurement will also strengthen the financial stability of the entities and thus ability of meeting the covenants as required by the financing banks.
- Change from merchant scheme to Feed in Tariff scheme in Czech Republic, ensuring the guaranteed electricity revenues with no adverse impacts of the volatile market developments.
- Investments in innovations to improve lines of services at Lerta and extending of service portfolio as an additional source of the revenues
- Planned rebalancing of our asset portfolio
- Focus on 3rd party EPC business with high margins and realization within the one-year period with regular cash inflow
- New refinancing agreements

Scenarios based on the supporting cashflow forecasts take into account internal and external developments relevant in the assessment of the ability of the Company to continue as a going concern, including but not limited to market developments, change in electricity prices/schemes, new EPC projects pipelines, sale of assets in non-core areas and new refinancing agreements.

The consolidated financial statements have been prepared on a going concern basis, resulting from the Management's assessment of the Company's ability to continue its operations for the foreseeable future.

Board of Directors Statement

The Board of Directors has assessed the effectiveness of the design and operation of the internal control and risk management systems.

On the basis of this report, and in accordance with:

- best practice 1.4.3 of the Dutch Corporate Governance Code of December 2016, and Article 5:25c of the Financial Supervision Act,
- the aforementioned assessment, the current state of affairs,

and to its best knowledge, the Board of Directors declares that:

- The report gives sufficient insight into any shortcomings in the operation of the internal risk management and control systems.
- The aforementioned systems provide a reasonable degree of assurance that the financial reporting does not contain any material misstatement.
- Drawing up the financial reporting on a going concern basis is justified based on the current state of affairs.
- The Director's report states any material risks and uncertainties that are relevant with regards to the expectation of continuity of the Company for a period of 12 months after drawing up the report.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

In view of the above, the Board of Directors declares that to the best of its knowledge:

- The annual accounts give a true and fair view of the assets, liabilities, financial position and results of the Company and the subsidiaries included in their consolidation.
- The Directors' Report gives a true and fair view of the situation as of 31 December 2023 and of the state of affairs of the company and its consolidated subsidiaries in the 2023 financial year, the details of which are included in its annual accounts, and that the Directors' Report describes the main risks faced by the company.

Amsterdam, 30 April 2024

The Board of Directors:

Georg Hotar, Director

Michael Gartner, Director

Corporate Governance Report

Strong corporate governance, transparency and accountability are essential for Photon Energy Group and fit in line with our core values such as integrity, sustainability and responsibility to enrich every community we are part of.

We believe that strong corporate governance structure and policies create a framework that defines healthy relationship between shareholders, the Board of Directors and our other key stakeholders. Good corporate governance fosters a culture of integrity, transparency and leads to a positive performing and sustainable business. Last but not least, through effective corporate governance practises we intend to promote long-term sustainable value creation for all our stakeholders. We also engage in the dialogue with our stakeholders to make sure that their interests are respected and we build trust within communities which we impact. We are in the process of preparing a Stakeholder Engagement Policy that will detail ways of dialogue with individual stakeholders. Corporate governance policies which we are implementing are enforced and applied consistently.

Decree Article 10 EU Takeover Directive

According to the Decree Article 10 EU Takeover Directive, Photon Energy N.V. is required to report on, among other things, our capital structure; restrictions on voting rights and the transfer of securities; significant shareholdings in Photon Energy N.V.; the rules governing the appointment and dismissal of members of the Board of Directors and the Supervisory Board and the amendment of the Articles of Association; the powers of the Board of Directors (in particular the power to issue shares or to repurchase shares); significant agreements to which Photon Energy N.V. is a party and which are put into effect, changed or dissolved upon a change of control of the Company following a takeover bid; and any agreements between Photon Energy N.V. and the members of the Board of Directors or associates providing for compensation if their employment ceases because of a takeover bid. The information required by the Decree Article 10 EU Takeover Directive is included in this Corporate Governance Report and in the Directors' Report, as well as in the notes referred to, in these sections.

Shareholders Meetings

The Annual General Meeting is held within six months of the end of the financial year. The agenda for the Annual General Meeting shall in any case include the following items: (a) the consideration of the directors' report; (b) the adoption of the annual accounts and the allocation of the profits; (c) the granting of discharge to the managing directors for their management and the supervisory directors for their supervision during the past financial year.

Voting at General Meeting

Each share confers one vote, except for the shares in the ownership of the Company (the treasury shares) which are restricted from voting. Unless the law or the Company's articles of association require a larger majority, all resolutions shall be adopted by an absolute majority of votes cast. A resolution of the General Meeting to limit or exclude pre-emption rights or to designate Board of Directors competent to limit or exclude pre-emption rights shall require a majority of at least eighty percent (80%) of the votes cast. Such special majority is also required for the amendment of this provision in the Articles of Association.

Annual General Meeting 2023

In the financial year 2023, the Annual General Meeting was held on June 21, 2023. In addition to the items relating to the adoption of the annual accounts mentioned above, the Annual General Meeting adopted the following resolutions: (a) It granted authorization to the Board of Directors to acquire shares in the share capital of the Company for a period of 18 months, ending on 21st December, 2024; (b) It adopted a Remuneration Report and a Management Incentive Plan to Mr. Krzysztof Drozynski (in connection with the acquisition of Lerta S.A, shares); (c) It granted authorization to the Board of Directors, ending on 21 June 2028, to issue shares and to grant rights to subscribe for shares with respect to a maximum of 880,277 ordinary registered shares in the share capital of the Company (in addition to the existing authorization from 2022 with respect to a maximum of 10 million shares; (d) It granted authorization to the Board of Directors to limit/exclude pre-emption rights of shareholders with respect to the issuance of shares described under letter (c) in the previous sentence. For more information please visit our website, section Investor Relations / Corporate Governance /General Meetings.

Composition & Functioning of the Statutory Bodies

The Company has a two-tier corporate structure. The managing body of the Company is the Board of Directors comprising of Managing Directors, and the supervising body of the Company is the Supervisory Board comprising of Supervisory Directors.

Board of Directors

The Board of Directors is the statutory executive body (*raad van bestuur*) and managing directors are collectively responsible for the Company's management and the general affairs of the Company. The Board of Directors is responsible for the day-to-day operations of the Company. In fulfilling their duties the Managing Directors shall serve the interest of the Company and the business enterprise which it operates. Resolutions of the Board of Directors with regard to an important change in the identity or character of the Company or the business enterprise are subject to the approval of the General Meeting, including in any case: (a) transfer of the business enterprise to a third party; (b) entry into or termination of a long-term cooperation with another entity as a fully liable partner in a limited or general partnership, if such cooperation or termination thereof is of far-reaching significance to the Company; (c) acquisition or disposal by the Company of participating interest with a value of at least one third of the amount of the Company's assets.

Managing Directors are appointed by the General Meeting and the Board of Directors consists of such number of Managing Directors as the General Meeting may determine. Currently, the Board of Directors consists of two Managing Directors. In accordance with the Company's Articles of Association, a member of the Board of Directors shall be appointed by the General Meeting for a maximum period of four years and his term of office shall lapse on the day of the Annual General Meeting to be held in the fourth year after the year of his appointment. A Board member may always be re-appointed for another maximum period of four years. The General Meeting may at any time suspend and dismiss a Board member. The supervisory board is not authorised to suspend a Managing Director.

Representation

The Board of Directors is entitled to represent the Company. The power to represent the Company is also vested in each Managing Director individually.

Composition of the Board of Directors

Name	Position	Date of Birth	Start of Function	Term of Office Expires
Georg Hotar	Director *(Bestuurder)*	21.04.1975	4 December 2020*	2024
Michael Gartner	Director *(Bestuurder)*	29.06.1968	4 December 2020*	2024

** Mr Hotar and Mr Gartner have been the Company's managing directors since 9 December 2010, however, due to the changes in the Company's corporate structure, new term of their office (previously unlimited and currently term of four years) started on 4 December 2020 and shall expire in 2024.*

Georg Hotar

Georg Hotar co-founded the Company in 2010 and was the Company's Chief Financial Officer until 2011. Since then he has spearheaded the Group's expansion in Europe and overseas as the Chief Executive Officer. Mr Hotar started his professional career in 1995 as an equity sales trader with IB Austria Securities in Prague. In 1996, he joined Carnegie AB in London as an equity analyst and later that year he moved to ICE Securities Ltd. in London as an equity analyst for the TMT sectors in the CEE region. In 1999, he joined FFC Fincoord Finance Coordinators Ltd. in Zurich as an investor relations specialist. In 2000, he founded Central European Capital, a financial advisory boutique headquartered in Prague. In 1999, he graduated from the London School of Economics with a BSc Accounting and Finance degree. In 2001, he completed and obtained a Master in Finance degree in finance from the London Business School.

Michael Gartner

Michael Gartner co-founded the Company in 2010 and was the Company's Chief Executive Officer until 2011. Since then he has held the position of Chief Technology Officer and until last year held a position of the Managing Director of Photon Energy Australia. Mr Gartner has an extensive experience in the photovoltaic business and is instrumental in driving the Company's utility-scale project development, EPC, commercial solar and off-grid and solar-hybrid power solutions. Between 2011 and end of 2022, his focus was on developing Group's projects in Australia. In 2007 he developed one of the first large PV installations in the Czech Republic. Between 1994 and 2004, he was an equity and debt analyst and head of fixed income sales in ING and Commerzbank Securities in Prague. From 2005 to 2007, he ran an investment boutique specializing in medium-term notes in the Eurobond market and M&A. In 1991, he completed and obtained a bachelor's degree in economics from University of Newcastle in Australia. He holds MBA title from the US Business School in Prague obtained in 1994.

Supervisory Board

The Supervisory Board is a supervisory body (*raad van toezicht)* and supervisory directors are collectively responsible for supervising the policies of the Board of Directors and the general affairs of the Company. The Company shall have two or more Supervisory Directors. A Supervisory Director shall be appointed for a maximum period of four (4) years and his term of office shall lapse on the day of the Annual General Meeting to be held in the fourth year after the year of his appointment. A Supervisory Director may only be reappointed for another maximum period of four (4) years, after which he/she may only be re-appointed once for a maximum period of two (2) years, which term may only be extended once for a maximum period of two (2) years.

The duty of the Supervisory Board is to supervise the policies of the Board of Directors and the general course of affairs of the Company and its affiliated business. The supervision of the Board of Directors shall include the following areas: (a) the achievement of the Company's objectives; (b) the corporate strategy and risks; (c) the financial reporting process; (iv) compliance with legislation and regulation, (e) functioning and effectiveness of the internal risk management and control systems; (g) the Company/shareholder relationship; (h) compliance with and maintaining of the Company's corporate governance structure; (i) preparation of the annual accounts.

Composition of Supervisory Board

Name	Age	Gender	Nationality	Date of Initial Appointment	Term of Office	Function	Independence Status
Marek Skreta	57	male	Swiss	4.12.2020	2024	Chairman of the Supervisory Board	Independent
Boguslawa Skowronski	67	female	Polish, Swiss, U.S.	4.12.2020	2024	Member of the Supervisory Board	Independent
Ariel Sergio Davidoff	56	male	Swiss	31.5.2022	2026	Chairman of the Audit Committee	Independent

The Supervisory Board and Audit Committee is comprised of three members, Boguslawa Skowronski, Marek Skreta and Ariel Sergio Davidoff, appointed to a four-year term of office. Ms. Skowronski's and Mr. Skreta's terms expire in 2024 and are nominated for re-election by the 2024 Annual General Meeting.

All three members are independent within the meaning of the Dutch Corporate Code. To our best knowledge, there were no transactions in the course of the year 2023, in which a conflict of interest with the members of the Supervisory Board occurred.

Audit Committee

The Supervisory Board has the right to create various committees, such as Audit, Remuneration or Selection and Appointment committee. Due to a small size of the Company's Supervisory Board (3 members), only an Audit Committee is formally set up by the Supervisory Board and the role of the other committees is performed by the Supervisory Board as a whole.

Audit Committee's role is to facilitate Supervisory Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems. It monitors the Board of Directors with regards to: (a) relations with external auditors; (b) tax policy of the Company; (c) financing of the Company; (d) application of IT, including the risk related to cybersecurity.

The role of the Supervisory Board and Audit Committee is being reviewed to be in line with the requirements of the new Dutch Corporate Governance Code.

The Company does not have a formally set up internal audit unit. As of the date of this report the function of internal audit unit is performed by one senior employee ("audit specialist") with competence and knowledge of accounting and auditing procedures who is tasked with the role by the Board of Directors. There is no formal procedure and the tasks are performed informally. The Risk Manager who reports directly to the Board of Directors also supports Internal Audit function. The Supervisory Board performed an annual assessment of internal audit procedures and included its conclusions with regards to the existing alternative measures, along with the resulting recommendations, in the report of the Supervisory Board.

Diversity and Succession of the Boards

The desired composition of the Supervisory Board is such that the combined expertise, experience, diversity and independence of the Supervisory Board members enables the Supervisory Board to best carry out the variety of its responsibilities and duties with regard to the Company and all stakeholders involved including its shareholders, consistent with applicable law and regulations. Pursuant to the Supervisory Board's Profile, adopted by the Supervisory Board in 2022 and published on the Company's website, the Supervisory Board strives for a mixed composition in respect of gender, age, nationality and background. Its aim is to have a composition consisting of at least one third (1/3) female members and at least one third (1/3) male members. The Supervisory Board complies with this requirement and also other criteria of diversity of expertise and experience.

Due to the size of the Board of Directors, which consists of two members who founded the Company and are its major shareholders, the target minimum participation of the minority group of at least 30% was not achieved. The Diversity Policy for the Board of Directors, adopted by the Supervisory Board in October 2022, assumes that in case of an enlargement of the Board of Directors from its current size, the Supervisory Board shall make best efforts to nominate a person in order to reflect the following ratio: at least 30% of female representation in the Board of Directors and at least 30% of male representation in the Board of Directors. The targets are considered appropriate. The Company takes notice of the Dutch Diversity Act and the requirements it sets on the large companies. The Company has reached the criteria for the large company only recently and is taking steps with regard to the applicable obligations with respect to policies and reporting, defined by the Diversity Act.

The Supervisory Board has also adopted a rotation schedule and succession policy to provide continuity and avoid extended vacancies in the positions of the Supervisory Board / Audit Committee. Photon Energy's succession plan is designed to ensure that the proper function and necessary fulfilment of the Supervisory Board is met in case of vacancy due to retirement, resignation, death or pursuing new business opportunities.

In the event of an emergency departure, resignation or other vacancy in the Supervisory Board, the Chairman of the Supervisory Board, if unavailable, the Chairman of the Audit Committee, if unavailable, any other member of the Supervisory Board shall convene an extraordinary meeting of the Supervisory Board within latest one month from the day of such vacancy to discuss the functioning of the Supervisory Board and a new distribution of tasks within the Supervisory Board/Audit Committee.

Share Capital

The Company’s share capital is EUR 612,385.21 divided into 61,238,521 shares with a nominal value of EUR 0.01 each. The share capital is fully paid-up. Each share has one vote at the General Meeting, with the exception of the treasury shares held by the Company (see below). There is no limitation on transfer of the Company’s shares with the exception of the restriction imposed on employees who hold shares based on the Company’s Employee Share Purchase Programme (ESPP) which is part of a remuneration plan for employees. According to the ESPP, employees are not allowed to sell their shares acquired through the ESPP for three years after the shares were deposited on their account.

In addition, certain restrictions are imposed on the Company to acquire its own shares (treasury shares). Under Article 9.1 of the Articles of Association, the Company may only acquire fully paid-up shares in its own share capital for no consideration or provided that the Company's equity minus the acquisition price is not less than the aggregate amount of the issued share capital and the reserves which must be maintained pursuant to the law. No acquisition pursuant to Article 9.1 shall be permitted if a period of six months following the end of a financial year has expired without the annual accounts for such year having been adopted. The Company is not allowed to vote the treasury shares and when determining to what extent the voting rights are represented at the general meeting, they will not be taken into account.

Increase of Share Capital in 2023

On 1 February 2023, the share capital was increased from EUR 600,000 to 612,385.21. Based on a General Meeting authorization from 31 May 2022, the Board of Directors of the Company decided to issue 1,238,521 new shares with a nominal value of EUR 0.01 each. The new shares were issued against an in-kind contribution consisting of 2,477,042 shares in Lerta S.A. The new Company’s shares were distributed to Mr. Krzysztof Drozynski as a portion of the purchase price as agreed at the acquisition of Lerta S.A.

Share Buyback

During the financial year of 2023, the Company had performed a share buyback which was completed on 9 June, 2023. The share buyback program was implemented on the basis of the General Meeting resolution, which granted an authorization to the Board of Directors to acquire shares in the share capital of the Company, for consideration. Under this program, within the period from 19 December 2022 to 7 June 2023, the Company purchased the total number of 250,000 shares in the share capital of the Company, for the total price of PLN 3,204,053.76 with an average unit share price of PLN 12.82. These shares constitute approximately 0.41% of the share capital of the Company and entitle to 250,000 votes at the General Meeting of the Company. The buyback was executed by the brokerage house of Santander Bank Polska S.A – Santander Biuro Maklerskie with a seat in Warsaw, Poland.

Shareholding Structure

As of 31 December 2023, to the knowledge of the management, the shareholder structure was as follows:

Shareholdership as of 31.12.2023	No. of Shares	*% of Capital*	No. of Votes at the Shareholders Meeting	*% of Votes at the Shareholders Meeting*
Solar Future Cooperatief U.A.	21,769,075	*35.55%*	21,769,075	*36.44%*
Solar Power to the People Cooperatief U.A.	20,057,485	*32.75%*	20,057,485	*33.57%*
Tomala Investments ASI Sp. z o.o.	2,288,537	*3.74%*	2,288,537	*3.83%*
Photon Energy N.V.	1,491,781	*2.44%*	0	*0.00%*
Free float	15,631,643	*25.52%*	15,631,643	*26.16%*
Total	**61,238,521**	***100.00%***	**59,746,740**	***100.00%***

The ultimate beneficial owner of Solar Future Cooperatief U.A. is Michael Gartner, the ultimate beneficial owner of Solar Power to the People Cooperatief U.A. is Georg Hotar and the ultimate beneficial owner of Tomala Investments ASI Sp. z o.o. is Borys Tomala. In addition, Mr. Gartner owns 23,202 shares in the Company (0.038% of share capital) directly, Mr. Hotar owns 77,510 shares in the Company (0.127% of share capital) directly and Mr. Tomala owns 3,051 shares in the Company (0.005% of share capital) directly.

Solely by virtue of the voting power they hold, Solar Future Cooperatief U. A. and Solar Power to the People Cooperatief U.A. (and Messrs. Gartner and Hotar indirectly) are controlling shareholders of the Company. Based on representations of the members of the Board of Directors, there are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

Articles of Association

Our Articles of Association outline certain of the Company's basic principles relating to corporate governance and organization. The current text of the Articles of Association is available at the Trade Register of the Chamber of Commerce and on our website in section Investor Relation / Corporate governance / Corporate Documents

Amendment of Articles of Association

The resolution to amend the Articles of Association may only be adopted by the General Meeting on the proposal of the Board of Directors and it is adopted with a simple majority of votes cast. Notwithstanding the aforementioned, a resolution to amend Article 7.3 of the Articles of Association involving a change of the provision relating to the Qualified majority to limit or exclude pre-emption rights or to designate the Board of Directors competent to limit or exclude pre-emption rights, requires a majority of at least eighty percent (80%) of the votes cast by the General Meeting. A proposal to amend the Articles of Association shall always be mentioned in the notice of the General Meeting. Furthermore, a resolution to reduce the issued share capital shall require a majority of at least two thirds of the votes cast, if less than half of the issued share capital is represented at the meeting.

The Articles of Association regulate the role, powers, and decision-making process of the Company bodies; the procedure for share subscription and issue, increase and decrease of share capital, share buy back and ownership of treasury shares. Some of the procedures have been described above.

Issue of Shares

The General Meeting is authorized to issue shares unless it transfers this authority to the Board of Directors (one authorization can be for a maximum of 5 years). Upon issue of shares, each shareholder shall have a pre-emption right in proportion to the aggregate nominal value of his shares. The pre-emption right can be restricted or excluded by a resolution of the General Meeting (or resolution of Board of Directors if it is authorized to do so by the General Meeting).

The General Meeting may resolve to reduce the issued share capital by cancelling shares or by reducing the nominal value of shares by an amendment of the articles of association. This resolution shall specify the shares to which the resolution applies and shall describe how such a resolution shall be implemented. The amount of the issued share capital may not fall below the minimum share capital as required by law in effect at the time of the resolution. A resolution to reduce the issued share capital shall require a majority of at least two thirds of the votes cast, if less than half of the issued share capital is represented at the meeting.

Related Party Transactions

Material Related Party Transactions (RPT) require a special procedure under Dutch Civil Code and Company's internal bylaws. A transaction is material if (a) information about this transaction is inside information (as set out in article 7(1) of the Market Abuse Regulation) and (b) it is a transaction between the Company and a related party. Related parties Managing Directors, Supervisory Directors, shareholders representing (alone or together) at least 10% of the issued share capital, and auditors.

If the material RPT is not in the ordinary course of business or not concluded on normal market terms, the RPT must be: (a) submitted for approval by the Supervisory Board; and (b) publicly announced at the latest at the conclusion of the transaction. If following the MAR the information should be published at an earlier stage, that requirement prevails.

Where the material RPT involves a managing or supervisory director or a shareholder, that director or shareholder may not take part in the decision-making to approve the RPT. If a subsidiary of a company enters into a material RPT with a related party, the material RPT must also be publicly announced, but no approval by the Supervisory Board is required.

The following loans have been granted to the Managing Directors. The Supervisory Board approval for the transactions listed below was not formally documented.

Loans provided directly to Managing Directors

Name	Amount in EUR	Interest Rate	Term
Georg Hotar	728,359	3%	due on 31.12.2024
Michael Gartner	93,719	3%	due on 31.12.2024

Loans provided indirectly to companies controlled by the Managing Directors

Name	Amount in EUR	Interest Rate	Term
Solar Power to the People Cooperatief U.A. *	650,474	EURIBOR + 3%	due on 31.12.2024
Solar Age Investments B.V. **	1,342,756	EURIBOR + 3%	due on 31.12.2024

** Entity 100% owned by Georg Hotar*

*** Entity owned by Michael Gartner (51.67%) and by Georg Hotar (48.33%)*

Culture and Core Values

Good corporate governance is essential to creating an atmosphere of trust and building solid, lasting relationships with stakeholders, from suppliers to employees and investors, in accordance with Group values. We strive to have open culture and integrity, and to act transparently towards investors and other stakeholders. We promote focus on sustainability (renewable energy and water management is the Company's business fundamentals). We are committed to make positive contribution in the society.

We focus on innovation and think creatively when devising a solution. We prioritize health and safety and wellbeing of everyone impacted by our work. Our focus is also on community – we believe it is our responsibility to enrich the community we are part of.

We take decisions based on careful consideration and we take responsibility for them. We value honesty and act respectfully towards colleagues, customers, engaged communities and other stakeholders. An open and transparent culture within the organization, coupled with the capacity to reflect and be self-critical, makes identifying risks in a timely manner possible. The Company aims to have open culture where employees are recognized, and therefore, great value is placed on integrity of employees' conduct and professional attitude in which managers lead by example. Mutual respect is the basis for making well-considered decisions. Balanced relationship in the Company's senior management and balance in terms of personalities, expertise and skills are an important principle. There is zero tolerance to discrimination, harassment, corruption practises, fraud. The Board of Directors and most senior management maintains direct contact with employees in all parts of the Group which includes taking part in informal gatherings.

It's also important to measure and evaluate employment practises. We have carried out employee engagement surveys in collaboration with a third party to ensure anonymity. We encourage employees to participate in these surveys because they provide important information on employees' satisfaction, motivation and expectation. Employee engagement is a concept that describes the level of enthusiasm and dedication an employee feels toward their job. Engaged employees care about their work and about the performance of the Company, and feel that their efforts make a difference. An engaged employee is in it for more than a paycheck and may consider their well-being linked to their performance, and thus instrumental to their company's success. Our engagement surveys measure a level of an employee satisfaction and commitment both internally and externally to the organization, expressed as a percentage or score. The average level of engagement of this year's survey is 80%. In the future we would like to encourage a higher level of participation among employees.

The Company values are directly or indirectly reflected in the Group policies which are applicable and binding on all employees. The below is a summary of these policies.

Ethical Conduct

The Company has adopted Code of Ethics binding to its employees. It contains a set of principles which the Company adheres to relating to human rights, good working conditions, prohibition of forced and child labour, and prohibition of corruptive, fraudulent, collusive practises. It also contains a section with specific rules of conduct for the area of purchasing and procurement. Each employee has to get acquainted with it and sign it upon commencement of employment as well as upon any changes.

The document was updated several times, *inter alia* to integrate principles regarding the gender-based violence and harassment (GBVH) and to specify more in detail the commitment to upholding the human rights, including no forced or child labour, through our supply chain. A training course related to the Code of Ethics was organized for all employees in 2023. Two of the three highest scoring questions in the Company's engagement survey related to the employees' reflection of ethical conduct within the Company where more than 95% participants were confident that the Company would take appropriate action to respond to bribery and harassment.

Third Party Conduct Principles

After implementing the Code of Ethics defining the Company values, we started to require from our partners and suppliers to follow these rules as well. The Company has therefore established Third Party Conduct Principles reflecting the Group's core values and the basic principles laid out in the Group's Code of

Ethics which are relevant for each partner and supplier (or 'Third Party') that works with the Group. These are for example rules preventing corruption, zero tolerance to forced and child labour, rules ensuring decent working conditions, occupational health and safety and other workers' rights and rules aiming to preserve natural environment. The counterparties are required to sign, acknowledge and commit to adhere to and comply with these principles.

Antibribery Policy and Whistleblowing

The purpose of Antibribery Policy is to outline measures taken by Photon Energy Group against specific unethical or illegal conduct which may be considered corruption. It provides information and guidance on how to identify and proceed in situations which may lead to or may constitute bribery and corruption.

The Company also set up a misconduct whistleblowing portal (SpeakUp Line) through which concerns about ethical and other misconduct that can be considered a violation of law or the Code of Ethics (such as for example, discrimination, bribery, harrasment) can be reported by all stakeholders (both internal and external). The hotline is independently operated, confidential and anonymous and is available in all areas and languages where the Company operates. The Whistleblowing Policy creates a detailed procedure for processing a complaint and ensuring objectivity and independence. All reports are assessed by the compliance team (privacy officer) and then addressed on a case by-case basis. The compliance department and the Board of Directors reviews the process and reports and ensures that there are arrangements in place in the event an independent investigation is needed and follow-up action is taken. In the reporting year, there were no reports received through the whistleblowing channel.

Insider Trading Policy and Managers Transaction Policy

Since Company has its shares listed on regulated markets and has its seat registered in the Netherlands, it must comply with the Dutch Financial Supervision Act and with the MAR (Market Abuse Regulation). This policy which is signed by all Group employees along with their contract of employment, has been developed to make sure that employees understand their obligations to preserve the confidentiality of undisclosed information and their legal obligation not to use inside information for trading Company's shares or debt securities. Employees who have permanent access to confidential, inside information are subject to trading restriction periods. They are reminded of their obligations on a quarterly basis.

Senior managers who can be identified as Persons Discharging with Managerial Responsibilities (as defined in the MAR) have a special position with any publicly tradable company and therefore the MAR and other applicable laws impose more stringent reporting requirements on them. According to Article 19 of the MAR, persons discharging managerial responsibilities (PDMR), as well as persons closely associated with them, must notify the Company as the issuer and the competent authority (which is the Dutch Autoriteit Financiële Markten or AFM) of every transaction conducted on their own account relating to the shares or debt instruments which reaches a threshold of EUR 5,000 and any subsequent transaction within a calendar year (1.1–31.12). The Group's Managers Transaction Policy informs the PDMR of these obligations and provides guidance on how to report that transaction, informs them what their other disclosure duties are (when they reach or cross certain thresholds in ownership of Company's shares) and when there are closed periods in which the PDMRs are restricted from trading the securities.

Cybersecurity and Use of IT Assets

Increased threats of potential cyber risks and related requirements that will have to be implemented as a result of the NIS 2 Directive (energy industry considered as the essential infrastructure) has placed IT and security high on the strategic agenda. The NIS 2 Directive entered into force in January 2023 and requires Member States to translate the Directive into national legislation by October 2024. The directive sets out cybersecurity risk-management measures and reporting obligations. NIS2 contains stronger requirements for a broader scope of actors, including a broader set of mandatory cybersecurity risk-management measures and new incident notification requirements. For organizations in scope of this directive, new cybersecurity requirements will be imposed. With the translation into national legislation yet to be developed, there is still some unclarity on what to expect regarding the new requirements.

The Company carried out an ISO/IEC 27001 audit. The audit aimed to ensure the confidentiality, integrity, and availability of information assets within the organization. Based on the assessment, security status within the Company is considered on low level. Most of the controls are not formalized, monitored, and tracked. We devised an action plan based on the audit findings, which is already being implemented. A Policy on Use of IT assets have been developed as a first step. The policy objective is to contribute to the protection of the Company assets, train and guide employees, provide clear outline and information on how to prevent cyber-attacks and prevent the release of confidential information. The goal is to implement secure processes and effective controls and create a safe culture and environment.

Health & Safety

Healthy and safe working environment is an important focus within the Group, and preventing accidents culture is an important part of this. The Company has a health and safety policy implemented in each of its jurisdictions to reflect local legal requirements. The employees are subject to periodic training necessary for the nature of work they perform. Our Operations & Maintenance and Engineering companies are certified under the ISO 9001 and 14001 standard. This ISO standard covers requirements for a management system relating to occupational health and safety.

Stakeholder Dialogue

In addition to the above described policies (and a number of other, more specific internal regulations which constitute the internal framework of guidelines), the Company is in the course of implementation of a concise Stakeholder Dialogue Policy. It details our engagement and communication with stakeholders such as shareholders, bond investors, suppliers, customers, local communities.

Below is an overview of stakeholder groups and the ways the Company engages and communicates with them:

Stakeholder Group	Ways of Engagement and Communication
Employees	All-employee meetings, trainings, team buildings, engagement surveys, all employee intranet and Spark.
Investors/shareholders	Annual and Extraordinary shareholders meetings, quarterly investors presentations, road shows and investors' conferences which provide an opportunity to engage into a direct dialogue with the investment community, periodic and ad-hoc reports, publication of research and valuations by various research institutes and analysts whenever possible and allowed under the conditions of co-operation with the respective research house.
Customers	Periodic meetings, trade fairs participation, key account management.
Suppliers	Periodic meetings, trade fair participations, close contact and DD of supply chain management, in particular with regard to human rights commitments and environmental policies.
Local Communities	Discussion with local authorities at multiple level, universities, local research institutes, and residents living close to our PV installations, employee volunteering, CSR days, Company donations
Governments and Regulators	Conferences, meetings, dialogue on legislative changes through local solar associations, policy and legislative developments.
Industry Groups	Solar Associations, Intersolar, Clean Energy Council, Australian Land and Groundwater Associations.

Diversity for the Group

Diversity and Inclusion Policy for the entire enterprise is also being prepared which purports to establish ambitious goals and targets. Photon Energy Group is an international undertaking with subsidiaries in a number of countries and a workforce that includes many nationalities (26 in total). It is a matter in which the Group takes great pride. Diversity in Photon Energy Group focuses on a variety of abilities, skills, and nationalities. Our employees consist of a mix of men and women and there is a balanced age distribution. More than 95% of the respondents in our engagement survey feel that the organization provides equal opportunities to everyone, regardless of age, gender, religion or sexual orientation. Diversity of our workforce brings along a very broad set of skills and experience. We have a strong ambition to set ourselves ambitious targets in terms of gender diversity; however the proportion of women in the technical and technological areas is relatively low due to the nature of the work and the lack of labor market supply.

We are committed to target and recruit more women also for more senior positions and nurture the talent by introducing programs for middle and senior management to achieve gender balance. A 4- point action plan was prepared by the HR department to help the Group achieve gender balance including for example, to open every managerial position internally first to give everyone the opportunity to apply for, to continue supporting our women when returning from maternity leave (providing flexible workloads, hybrid regime of work) and to identify key factors that would support our women's ambitions to develop their leadership potential.

Gender Split Total

Gender	Count of Gender	Average Age	Age Range
Male	220	39,47	19–64
Female	128	37,16	22–58
Grand Total	**348**	**38,62**	**19–58**

Gender Split per Function 2023

	Total	Male	Female	Male %	Female %	Target
Management Board	**2**	**2**	**0**	**100%**	**0%**	**1/3**
Supervisory Board	**3**	**2**	**1**	**66%**	**34%**	**1/3**
Senior and Mid-level Management	**66**	**46**	**20**	**70%**	**30%**	**n/a**
Senior Management	3	3	0	100%	0%	
Mid-level Management	63	43	20	68%	32%	
Professionals (Prof. + Admin)	**280**	**172**	**108**	**61%**	**39%**	**n/a**
Professional	257	170	87	66%	34%	
Administration	23	2	21	9%	91%	

KYS/KYC and Other Policies

We are also launching an Onboarding Policy for Know Your Supplier and Know Your Customer procedures and supply chain management.

Dutch Corporate Governance Code

The Company is required to apply the Dutch Corporate Governance Code 2022 because its shares are admitted to trading on an EU regulated market. The Dutch Corporate Governance Code 2022 (DCGC) was prepared by the Dutch Corporate Governance Code Monitoring Committee (Committee) which adopted a revised text, taking effect from 1 January 2023. The full text is available at the Committee's website at https://www.mccg.nl/publicaties/codes/2022/12/20/corporate-governance-code-2022. The DCGC was updated in areas such as focus on sustainable, long-term value creation, diversity and the role of the Supervisory Board and stakeholder dialogue. The application of the principles and best practice provisions of the DCGC is not compulsory and is subject to the "comply or explain" (*pas toe of leg uit*) principle.

Principle / Best Practice	Explanation of Departure from the Dutch Corporate Governance Code
Chapter 1. Long-Term Value Creation	
Internal Audit Function (Principle 1.3)	**Partially applied.** The Company partially adheres to this principle. An explanation of how the Company departs from the principle is based on the analysis of the individual best practises below.
Appointment and dismissal (Best practice 1.3.1) and assessment of the internal audit function (Best practise 1.3.2)	**Not applied.** The Company does not apply this best practice as there is no formal internal audit unit in the Company. As of the date of this report the function of internal audit unit is performed by one senior employee ("audit specialist") with competence and knowledge of accounting and auditing procedures who is tasked with the role by the Board of Directors. These procedures are being supervised by the Board of Directors. The Supervisory Board performed an annual assessment of internal audit procedures and included its conclusions with regards to the existing alternative measures, along with any resulting recommendations, in the report of the Supervisory Board. The Risk Manager who reports directly to the Board of Directors supports Internal Audit function.
Internal Audit Plan (Best practise 1.3.3)	**Not applied.** The Internal audit plan is not formally drawn up
Appointment and assessment of the functioning of the external auditor (Principle 1.6)	**Partially applied.** An explanation of how the Company departs from this principle is based on the analysis of the individual best practises discussed below.
Engagement (Best practise 1.6.3)	**Not applied.** The Supervisory Board has not formally engaged the external auditor. According to the Company's Articles of Association, the Company's General Meeting decides (or the Board of Directors, should the General Meeting fail to do so) on appointment of the external auditor. The external auditor was appointed by the Board of Directors in accordance with Article 31.2 of the Articles of Association. The Supervisory Board expressed approval with its engagement and the Audit Committee has kept close contact with the external auditor, meeting several times during the financial year.
Chapter 2. Effective Management and Supervision	
Composition and size (Principle 2.1)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
Policy on Diversity and Inclusion (Best practise 2.1.5)	**Not applied.** The Company's Policy on Diversity and Inclusion for the entire enterprise is in the preparatory stage and will be finalized in the first half of 2024, it has however not been formally adopted yet.
Diversity Policy and accountability about diversity (Best practise 2.1.6)	**Partially applied.** The diversity requirements for the Supervisory Board are listed in the Profile of the Supervisory Board adopted in 2021 and amended in 2023.The Diversity Policy for the Board of Directors was adopted in 2022. Due to the size of the Board of Directors, which consists of two members who

Principle / Best Practice	Explanation of Departure from the Dutch Corporate Governance Code
	are the founders and major shareholders of the Company, the target minimum participation of the minority group of at least 30% was not achieved. The Diversity Policy assumes that in case of an enlargement of the Board of Directors from the current size, the Supervisory Board shall make best efforts to nominate a person in order to reflect the following ratio: at least 30% of the Board of Directors will be comprised of women and at least 30% of the Board of Directors will be comprised of men. The Company complies with Article 2:142b of the Dutch Civil Code with regard to statutory quota for the Supervisory Board ((at least 1/3 of the Supervisory Board members are male and at least 1/3 are female) The Company's enterprise D&I Policy has not been implemented yet and therefore the Company is not able to report on its goals and results; however please see the discussion in the Diversity section above.
Appointment, succession and evaluation (Principle 2.2)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below. The Company believes that it adheres to this principle partially as transparency of the procedures is ensured by the formal rules set out in the current regulations of the Company, i.e. in Articles of Association.
Succession (Best practise 2.2.4)	**Partially applied.** The succession plan for the Supervisory Board was implemented in 2022. Succession plan for the Board of Directors has not been implemented.
Duties of the selection and appointment committee (Best practice 2.2.5)	**Not applicable.** This best practice has not been applied as there is no selection and appointment committee appointed in the Supervisory Board due its limited size. The entire Supervisory Board performs the function of the committee. It should be noted that the Articles of Association allow that such committees are appointed by the Supervisory Board in the future, at the discretion of the Supervisory Board and according to the needs of the Company.
Culture (Principle 2.5)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
Employee participation (Best practice 2.5.3)	**Not applied.** The limited size of the Company, its distribution over several countries of operation and its flat managerial structure does not justify implementation of an employee participation body.
Preventing conflict of interest (Principle 2.7)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
Personal loans (Best practice 2.7.6)	**Not applied.** This best practice has not been applied as the Company has granted such loans to its Board of Directors' members and companies controlled by them. All details about the loans are disclosed in the annual report.
Chapter 3. Remuneration	
Determination of Board of Directors remuneration (Principle 3.2)	**Not applied.** The Supervisory Board has not submitted the remuneration proposal to the General Meeting and the remuneration was not discussed. .
Accountability for implementation of remuneration policy (Principle 3.4)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
Agreement of Board of Directors member (Best practice 3.4.2)	**Not applied.** This best practice is not applicable as there are no Board of Directors' agreements in place between the Company and Board of Directors members. The Board of Directors was appointed by notarial deed of incorporation in 2010 and re-appointed for the term of 4 years by the General Meeting on 4 December 2020.
Chapter 4. The General Meeting	
Provision of information (Principle 4.2)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
Policy on bilateral contacts with shareholders (Best practice 4.2.2)	**Partially applied.** The Company adopted the Stakeholder Dialogue Policy in which it describes the means of communication with various stakeholders, including shareholders. The Company does not formulate a separate bilateral policy of dialogue between the Company and shareholders. The Company however keeps a dialogue with its shareholders and provides extensive reports to its shareholders and investors, also with a quarterly online presentation of business update and financial results during which questions from shareholders are answered. In addition, two Company's major shareholders serve on the Board of Directors and some of Company employees are Company's shareholders through Employee Share Purchase Program. This unique set up allows for more communication channels between the Company and its shareholders.
Outline of anti-takeover measures (Best practice 4.2.6)	**Not applied.** This best practise has not been applied as there are no anti-takeover measures implemented by the Company. The Articles of Association state that anti-takeover measures may be adopted by the Supervisory Board, when necessary.
Casting votes (principle 4.3)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
Voting right on financing preference shares (Best practice 4.3.4)	**Not applicable.** There are no preference shares.
Publication of institutional investors' voting policy (Best practice 4.3.5)	**Not applied.** The Company has not implemented a voting policy for institutional investors as there are currently no institutional investors who have expressed an interest in participation in the Company's general meetings and a need for such policy to be implemented.
Report on the implementation of institutional investors' voting policy (Best practice 4.3.6)	**Not applied.** See explanation above in point 4.3.5.

Principle / Best Practice	Explanation of Departure from the Dutch Corporate Governance Code
Abstaining from voting and Share lending 4.3.7 and 4.3.8	**Not applicable.** No shareholders have short position in the Company and no Company shares were lent.
Issuing depositary receipts for shares (Principle 4.5)	**Not applicable.** The Company has not issued depository receipts for shares.

Best Practice for GPW Listed Companies

The WSE Best Practices for companies listed on WSE 2021 is a set of recommendations, principles, best practices and rules of procedure for governing bodies of publicly listed companies and their shareholders. The publicly listed companies shall disclose information on their compliance with corporate governance rules and the scope of information to be provided. If a publicly listed company does not comply with any specific rule on a permanent basis or has breached it incidentally, such publicly listed company is required to disclose this fact in the form of a current report. Furthermore, a publicly listed company is required to attach to its annual report information on the scope in which it complied with the WSE Best Practices 2021 in a given financial year. Accordingly, the Company has taken or will take the necessary actions to observe all of the rules comprising the WSE Best Practices to the fullest extent possible. Below is a list of Best Practises which the Company applies only partially or does not apply. The rest of the Best Practises are observed and applied by the Company.

No.	Principle / Best Practice	Comments of the Company
	1. Management Board, Supervisory Board	
2.2.	Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.	***The principle is not applied*** The target minimum participation of the minority group of at least 30% was achieved in case of the composition of the Supervisory Board. Due to the size of the Management Board, which consists of two members - founders only, the target minimum participation of the minority group of at least 30% was not achieved. The diversity policy assumes that in case of an enlargement of the Management Board from the current size, the Supervisory Board shall make best efforts to nominate a person in order to reflect the following ratio: at least 30% of the Management Board will be comprised of women and at least 30% of the Management Board will be comprised of men.
2.7.	A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board.	***The principle is not applied*** The principle is not applied however in the Rules of Procedure of the Supervisory Board point 3.2 states that "Management Board members and Supervisory Board members, shall report any other positions they may have to the Supervisory Board in advance and, at least annually, the other positions should be discussed at the Supervisory board meeting". This partially mitigates the risks which are addressed by this principle.
	2. Internal Systems and Functions	
3.2.	Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.	***The principle is not applied.*** The Management Board and Supervisory Board believe that the current organization and resources responsible for the individual systems are sufficient and adequate to the size of the Company and specifics of its business. Given the nature of the Company's business, it seems reasonable to keep risk management and controlling department integrated as a part of the financial department, as they all provide necessary input for the investment decisions. This ensures that both financial and non-financial information is collected, analysed, and processed within the same department and the optimal business decision is taken. For more details please see the Supervisory Board report for the year 2023.
3.3	Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.	The principle is not applied The Audit Committee has performed a thorough and continuous review of the internal risk management systems, internal audit function and controlling throughout the year and also during its on-site visits in May, June and September 2023. The assessment includes the evaluation of the existing processes in place, human resources, its competences, and responsibilities as well as the reporting structure within the organization. The chairman of the Audit Committee performed the analysis through the consultations with the responsible personnel (the management, the head of risk, head of treasury, finance director, the head of accounting and consolidation, the head of legal and head of compliance). He reviewed the procedures and evaluated whether adequate resources are in

No.	Principle / Best Practice	Comments of the Company
		place, and discussed relevant topics with external auditors. He analysed the need to establish an internal audit function. The Audit Committee concluded that while the current measures with respect to internal audit function are more or less adequate and there is no indication of any fraud, a stronger formalization of the internal audit function (either through hiring of an appropriate candidate or sourced out externally with the consulting firms) is desirable at this stage. The results of this analysis were discussed with the Board of Directors. Currently, proposals from external consultants are being gathered and evaluated. The Company will seek their advice to create a more formal framework ensuring the internal audit function can operate adequately.
3.6.	The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.	***The principle is not applied.*** This principle is not applied as there is no separate internal audit unit in the Company, there is no head of the internal audit department, who could be placed in the organizational structure as required by this principle. Further explanation can be found in comment 3.1. and 3.3.
3.10.	Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.	***The principle is not applicable.*** The Company is in the second year of this obligation hence this obligation to review the internal audit function by an independent auditor was not required in the course of the reporting period.
	3. General Meeting, Shareholder Relations	
4.1.	Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.	***The principle is not applied.*** Historically, there has never been an interest expressed by minority shareholders to participate in a general meeting by means of electronic communication (e-meeting). While the company does not offer participation at the general meeting through electronic means of communication, it provides its shareholders an option to (i) vote in advance on all resolutions on the agenda of a general meeting; and (ii) ask questions in advance, in order to ensure full participation of all shareholders. The shareholders also have an option to participate in quarterly investors podcast where they can pose questions and learn in detail about financial results, business development and strategy.
4.3.	Companies provide a public real-life broadcast of the general meeting.	***The principle is not applied.*** Please see the explanation provided in the principle 4.1.

The full text of the statement on the company's compliance with the corporate governance principles contained in Best Practice for GPW Listed Companies 2021 is available on the Company's website.

Supervisory Board Report for Year 2023

The Supervisory Board of the Company is responsible for supervising and advising the Management Board. In exercising its role, the Supervisory Board follows the applicable law, the Articles of Association of the Company, Dutch and Polish Corporate Code of Conduct, Rules of Procedure of the Supervisory Board, and the Company's interests. It is a separate body that operates independently of the Management Board.

Composition and Diversity

Name	Age	Gender	Nationality	Date of Initial Appointment	Term of Office	Function	Independency Status
Marek Skreta	57	male	Swiss	4.12.2020	2024	Chairman of the Supervisory Board	Independent
Boguslawa Skowronski	67	female	Polish, Swiss, U.S.	4.12.2020	2024	Member of the Supervisory Board	Independent
Ariel Sergio Davidoff	56	male	Swiss	31.5.2022	2026	Chairman of the Audit Committee	Independent

[1] *Independence is defined within the meaning of the Dutch Corporate Code*

In accordance with the applicable law, the General Meeting may appoint the Supervisory Directors for a maximum of four years and his/her term of office shall lapse on the day of the annual General Meeting held in the fourth year after the year of his/her appointment. A Supervisory Director may be re-appointed once for another period of four years after which he/she may be reappointed once for a maximum period of two years, which term may be extended once for a maximum period of two years. A Supervisory Director may serve for a maximum of 12 years in total.

The profile of the Supervisory Board member was prepared and adopted by the Supervisory Board on 31 March 2021 and is published on the Company's website. The composition of the Supervisory Board complies with the gender, expertise and other requirements as defined in the Supervisory board profile and Dutch law. At least one third of the Supervisory Board is comprised of female members and at least one third is comprised of male members. The Succession and Retirement Plan adopted on October 14, 2022 by the resolution of the Supervisory Board and ensures more staggered succession of Supervisory Directors. Two of the Supervisory Directors are up for reelection this year and will be nominated again, one Supervisory Director's term expires in 2026.

The Supervisory Board is independent as a whole in accordance with the best practise provision 2.1.7. of the Dutch Corporate Governance Code, and all Supervisory Directors, including the chairman, are independent within the meaning of best practise provisions 2.1.8 and 2.1.9. of the Dutch Corporate Governance Code.

Role of the Supervisory Board

In accordance with the applicable law and the Rules of Procedure, the Supervisory Board is tasked with the supervision of the policies of the Management Board and the general course of affairs of the Company and its affiliated business. The supervision of the Management Board includes, *inter alia*, the strategy of the Company, the financial reporting process, functioning of internal risk management, maintenance of the Company's corporate governance structure, liaising with the Company's external auditor and supervision of preparation of annual accounts. Full account of the Supervisory Board responsibilities is given in Article IV of the Rules of Procedure, published on the Company's website. The Supervisory Board is authorized to inspect the books and records of the Company and the Management Board shall provide the Supervisory Board with information required for the performance of its duties. The role of the Supervisory Board and the Audit Committee are currently under review to reflect the additional requirements of the new Dutch Corporate Governance Code.

Meetings

In accordance with the Article VII of the Rules of Procedure, the Supervisory Board meets whenever a Supervisory Director considers appropriate and as often as it is required for the proper performance of the Supervisory Board duties. In any event, the Supervisory Board shall meet at least once a year. The Supervisory Board may also adopt resolutions without holding a meeting provided that all Supervisory Directors have consented to this manner of adopting resolutions and the votes are cast in writing or by electronic means.

In the financial year 2023, the Supervisory Board met 6 times, in person or through videoconference. In addition, the Audit Committee met five times, in person or through videoconference. The Supervisory Board adopted one written resolution. In the meetings, the Supervisory Board discussed a wide range of topics, including:

- Impact of the acquisition of Lerta, a process of its integration into the Group and related challenges, purchase price allocation requirement, and risks relating to Lerta's business;
- Strategy and guidance for the year 2023 and sustainable long-term value creation was discussed at the beginning of the financial year and also throughout the year when the Company's results were published and guidance was adjusted). The Supervisory Board and the Management discussed the need for increase in

capacity of connected power plans (and its feasibility of the project pipeline in development by the end of 2024), merchant model vs. Feed in Tariffs, green bonus and other subsidies in the areas of interest taking into account the drop in the electricity price, and other strategies for sustainable long-term value creation (such as focus on capacity markets and DSR in Poland and other jurisdictions, development of proprietary portfolio vs. acquisition of ready-to-built projects; focus on external EPC in Czech Republic and Australia as a way to leverage the revenue stream, and the principle risks associated with it.

- Financial results were discussed and analysed on quarterly basis, including results and margins of the individual Company operational segments; maintaining liquidity and cashflow.
- Developments and trends on energy markets in EU, Australia and worldwide, and specifically in jurisdictions where the Company is active, existing and upcoming legislative changes affecting the Company's business; slowdown in component distribution business across the industry.
- Current operational, financial and legal affairs were analysed, stabilization of the Company's finance department and the dual role of the CEO/interim CFO performed by the CEO;
- Development of Australian projects with Raygen technology, results of PFAS pilot project in cooperation with the Department of Defence in Australia and its extension, divestment of developed projects in Poland, development and construction of the portfolio in Romania.
- Financing of the Group and new loans; development of the Company's share and Green Bond price, share buyback and bond buyback.
- The Audit Committee together with the external auditor discussed the audit plan, increase of materiality threshold (in relation to the increase of EBITDA), key audit matters, Lerta's PPA and goodwill and the outcome of audit in accordance with the good practise 1.7.4 of the Dutch Corporate Governance Code.
- The chairman of the Audit Committee made several onsite visits, met with the Management Board and individual employees/managers and reviewed Company's internal risk management, controlling, compliance and internal audit procedures (more on this topic below).
- Necessary implementation of the legislative requirements under the EU CSRD Directive (EU taxonomy), sustainability reporting and cybersecurity were discussed.
- The Supervisory Board, through a written resolution (i) amended the Supervisory Board Profile by stipulating the requirement for gender diversification of the Supervisory Board in line with Dutch Diversity Act (ii) approved the 2022 standalone and consolidated financial statements.

Attendance of Supervisory Board Members	Supervisory Board Meetings
Boguslawa Skowronski	83%
Ariel Sergio Davidoff	100%
Marek Skreta	83%

Evaluation

During an open discussion in the meeting, the Supervisory Directors performed a self-evaluation and also the evaluation of the Board of Directors, individually and as a whole. They agreed that the Supervisory Board operated efficiently and its cooperation with the Board of Directors and the auditors was good with appropriate distribution of the roles and tasks. It was concluded that the Supervisory Board as a whole, as well as its individual members, functioned well. The communication from the Board of Directors takes place in a transparent and constructive manner and the Board of Directors has been forthcoming in all request for information.

The Supervisory Board has further evaluated the functioning of the Board of Directors as a whole, as well as its individual members in a closed meeting in accordance with best practise 2.2.7 of the Dutch Corporate Governance Code and also in discussions with the Board of Directors. They stated that the communication between the Boards was very good; the discussions were held in an open and transparent atmosphere while maintaining a sufficiently critical review. Both Managing Directors were available and active and provided all cooperation and information necessary for successful functioning of the Supervisory Board. As an organizational matter, the Boards agreed to create a slot for monthly meetings that will serve as periodic updates to the Supervisory Board of key ongoing matters. The Chairman of the Supervisory Board expressed its appreciation of the work performed by the Head of Audit Committee and the Company Secretary.

Committees

In accordance with Article VIII of the Rules of Procedure, the Supervisory Board may appoint standing and/or ad hoc committees from among its members which are charged with tasks specified by the Supervisory Board. Currently, due to the small size of the Supervisory Board, the function of each committee is performed by the entire Supervisory Board. Apart from the Audit Committee, which the Supervisory Board created formally on 4 December 2020, no committees were established. Other committees, such as Remuneration Committee or Selection and Appointment Committee, will be established if the need for such committees arises in the future. Up until then, the Supervisory Board will perform all functions as a whole.

Work of the Audit Committee

The Company's Audit Committee (and its Chairman, in particular) undertakes preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems. It maintains contact with the external auditors, and also monitors the Board of Directors in connection with the Company's funding, tax policy and application of IT technology, especially with respect to cybersecurity.

In the course of 2023, Audit Committee met five times in total. The Audit Committee met three times with the external auditor, reviewed the audit plan and was presented with the outcome of the audit. The Head of Audit Committee visited Company headquarters and operations in the Czech Republic, conducted interviews with senior personnel and engaged in preparatory work for the Supervisory Board's meetings. He was instrumental in the engagement of a new Company CFO.

The Supervisory Board, performing a function of the Remuneration and Nomination Committee, evaluated the Management Board's and Supervisory Board's remuneration and prepared the Remuneration Report which shall be submitted to the General Meeting.

Assessment of the Internal Control, Internal Audit, Risk Management, Compliance Systems

The Audit Committee has performed a thorough and continuous review of the internal risk management systems, internal audit function, controlling and legal compliance policies, throughout the year and also during its on-site visits in May, June and September 2023. The assessment includes the evaluation of the existing processes in place, human resources, its competences, and responsibilities as well as the reporting structure within the organization. The chairman of the Audit Committee performed the analysis through the consultations with the responsible personnel (the management, the head of risk, head of treasury, finance director, the head of accounting and consolidation, the head of legal and head of compliance). He reviewed the procedures and evaluated whether adequate resources are in place, and discussed relevant topics with external auditors. His focus was mainly on the following topics: (a) stabilization of the finance department and search for a new CFO, (b) creation of internal audit function. The Audit Committee concluded that while the current measures with respect to internal audit function are more or less adequate and there is no indication of any fraud, a stronger formalization of the internal audit function (either through hiring of an appropriate candidate or sourced out externally with the consulting firms) is desirable at this stage. The results of this analysis were discussed with the Board of Directors. Currently, proposals from external consultants are being gathered and evaluated. The Company will seek their advice to create a more formal framework ensuring the internal audit function can operate adequately.

Assessment of the Compliance with the Dutch and Polish Best Corporate Governance Standards

Supervisory Board reviewed the compliance report with the best Dutch and Polish corporate governance standards for 2023 and discussed with the Board of Directors the practises which were improved during year 2023 and those which still remain as 'not applied'. The Supervisory Board gave recommendations on measures which shall be taken to further improve the compliance with best practises during the course of the year 2024.

Assessment of the rationality of expenses referred to in principle 1.5 of the Polish Best Corporate Governance Standards (donations and sponsorship)

In accordance with the requirement of the Polish Corporate Governance Code, the Supervisory Board has reviewed the donations and sponsorship contributions for 2023. It views them as immaterial in terms of value, and legitimate given the core business of the Company. The Company's policy is to give back to local communities in which it operates its business, and it may have a form of local initiatives' support. An overview of the largest donations made in 2023 by the Company is located in 'Sponsorship & Donations' section of the Directors Report.

Financial Statements 2023

The financial statements are audited by PricewaterhouseCoopers Accountants N.V., which was appointed to be the Company's auditors by the Management board resolution dated 30 September 2023. The Supervisory Board established that the external auditor was independent of the Company. The 2023 financial statements were approved by the Supervisory Board on 30 April 2024. The Supervisory Board will submit the financial statements to the 2024 Annual General Meeting and will propose that the shareholders adopt them and release the Board of Directors from all liability in respect of its managerial activities and release the Supervisory Board from all liability in respect of its supervision duties.

Conclusion

The year 2023 was a turbulent year for the Company facing internal tests such as integration of the Lerta (New Division) business into the Group and personnel changes in the senior positions in the finance department as well as external challenges connected with decreasing electricity prices, regulatory changes in countries of operations, overall high inflation and an unstable geopolitical situation. Although the Company was not able to replicate the growth of 2022, we believe that it is on a good trajectory to a more stable and successful year.

On behalf of the Supervisory Board, we would like to thank the Management Board and all employees of Photon Energy Group for their commitment and personal contribution to the successful financial year 2023.

Amsterdam, 30 April 2024

Marek Skreta	Boguslawa Skowronski	Ariel Sergio Davidoff

Remuneration Report

The remuneration of the Management Board members is paid out in accordance with the Remuneration Policy, prepared by the Supervisory Board and adopted by the General Meeting on 1 June 2021. An amendment to the Remuneration Policy was submitted by the Supervisory Board to the General Meeting and adopted on 31 May 2022. It aims to attract, motivate and retain qualified and experienced individuals and reward them with a competitive remuneration package while considering its size and unique characteristics. Gender, age, nationality, race, ethnic origin or other personal characteristics do not play any role in determining remuneration practice.

This Remuneration Report comprises information within the meaning of articles 2:135b Dutch Civil Code and Section 3.4.1 of the Dutch Corporate Governance Code 2022 and is also published as part of the 2023 Annual Report. It is submitted to the General Meeting for an advisory vote. The Remuneration Report for the 2022 financial year was approved by the 2023 Annual General Meeting's unanimous vote and therefore the Supervisory Board has not considered any changes to the current Remuneration Report.

Management Board Remuneration

Fixed Remuneration

The Management Board members take part in the Company's day-to-day activities and they receive a fixed remuneration adequate to the competitive market levels of remuneration. In 2023, the Company performed a comparison within a reference group of its industry peers listed on European public markets (France, Spain, Germany) and determined that the remuneration of both Management Board members was well below the median of the benchmark.

Since the Management Board members are also majority shareholders, it has been decided that their compensation for the responsibility and function of the Management Board members shall be deemed mostly realized through the value creation and share appreciation. In accordance with the Remuneration Policy, the Management Board members therefore receive remuneration solely as part of their employment by an affiliated company within the Photon Energy Group and they do not receive compensation for their duties of serving on the Management Board for the Group of entities.

Furthermore, no emoluments of the Managing Directors, including pension payments were paid to the Managing Directors. No service contracts with the Company nor any of its Subsidiaries have been provided to a Managing Director that give entitlement to benefits upon termination of employment. Mr. Georg Hotar receives a regular salary as an employee in his function as managing director of Global Investment Protection AG in Switzerland, and Mr. Michael Gartner receives a regular salary as an employee in his function as managing director of Photon Energy Australia Pty Ltd. in Australia.

Variable Remuneration and Stock Options

In accordance with the amended Remuneration Policy, an annual variable remuneration (short-term incentive) linked to companies KPIs and adequate to competitive market levels can be awarded to the Management Board members. In alignment with the Company's strategy, the Supervisory Board, at its discretion, will consider short or longer-term goals and their respective weights and targets for the respective bonus period; a part of the variable remuneration may therefore reflect a period longer than one performance year. The Supervisory Board shall also consider the following: (i) Company's strategy; (ii) historical performance and business outlook; (iii) long term value creation; (iv) stakeholders expectations. Due to the worsening of the Company's financial results in 2023, it was decided not to distribute variable remuneration to the Managing Directors and therefore no applicable performance targets were considered. No variable remuneration was paid to the Managing Directors in the financial year 2023.

The Managing Directors currently do not receive stock options or any other rights to acquire shares in the Company. In line with the Remuneration Policy, the interests of the Company in long-term value creation are ensured by the members of the Management Board being also the founders and majority shareholders of the Company. As such, the long-term incentive for the Management Board is the Company's share appreciation. Both directors benefit primarily from the growth of the Company's value so their interests are aligned with the interest of other (minority) shareholders.

No stock options or other rights were granted to the Managing Directors or the employees of the Company in 2023.

Claw-backs/Severance Payments

No claw-back of remuneration was exercised in 2023. No severance payment was made to the members of the Management Board.

Overview of the Total Remuneration of the Management Board

In thousands of EUR	Total Fixed Compensation	Total Variable Compensation	Ratio Fixed Compensation / Total Compensation	Stock Options Granted
Georg Hotar, Managing Director and CEO				
2023	355	0	100%	0
2022	350	97	78%	0
2021	321	0	100%	0
Michael Gartner, Managing Director and CTO				0
2023	138	0	100%	0
2022	149	0	100%	0
2021	144	0	100%	0

Internal Pay Ratio

The average remuneration of employees who are not directors in 2023 was EUR 44,387 per year. The internal pay ratio, as average compensation of the Management Board members in relation to the average annual compensation per full time employee of the Company for the financial year 2023 was 5.56. The internal pay ratio of the remuneration of CEO in relation to the average annual compensation per full time employee was 8%.

The Company's shares were not listed on the public regulated markets before January 2021, and therefore, the Company was not obliged to publish the Remuneration Report in the financial years prior to 2021. For this reason, the Company can only publish comparisons with previous two years.

Comparison of Internal Pay Ratio

Year	Internal Pay Ratio
2023	5.6
2022	5.8
2021	5.3

Business performance highlights and remuneration comparison

	2023	2022	% change	2021
Revenues	EUR 70.6 million	EUR 95.1 million	-25.8%	EUR 36.4million
EBITDA	EUR 3.7 million	EUR 24.3 million	-84.8%	EUR 9.6 million
Net result	EUR -15.75 million	EUR 6.3 million	na	EUR -6.4 million
Installed Capacity	127.3 MWp	91.9 MWp	+38.5%	90.5 MWp
Number of Employees	348	220	+58.2%	144
Remuneration Board of Directors	EUR 493,000	EUR 596,000	-17.3%	EUR 465,000
Remuneration Employees without Board of Directors	EUR 17.986 million	EUR 8.490 million	+111.9%	EUR 5.955 million
Average compensation per full time employee	EUR 44 387	EUR 49 000	-9.4%	EUR 44 000

Loans

The following loans have been granted to the Managing Directors by the Company or the Company's affiliated entity.

In thousands of EUR	Total Loan Amount in 2023	% change	Total Loan Amount in 2022
Georg Hotar, Managing Director and CEO	728	22.5%	594
Michael Gartner, Managing Director and CTO	94	3.2%	91

The loans bear an interest rate of 3% and are short term for a period of up to 12 months, due on 31st December 2024.

The Company or its affiliated entity also provided loans to the entities fully owned by the Managing Directors.

In thousands of EUR	Total Loan Amount in 2023	% change	Total Loan Amount in 2022
Solar Age Investments B.V. [1]	1,343	17.0%	1,148
Solar Power to the People Cooperatief U.A. [2]	650	5.9%	614

The loans bear an interest rate of EURIBOR plus 3% and are short term for a period of up to 12 months, due on 31st December 20

Supervisory Board Remuneration

The Remuneration Policy aims at providing a competitive compensation package to attract, motivate and retain qualified Supervisory Directors while considering the Company's size and its unique characteristics. This is essential for executing the Company's strategy and safeguarding and promoting its long-term value and sustainability. Supervisory Board members receive fixed remuneration for their responsibilities that does not depend on the Company's results in order to protect their independence when supervising the manner in which the Management Board members implement the long-term value creation strategy. These responsibilities are part of the membership of the Supervisory Board and its Audit Committee and the position of Chairman of the Supervisory Board and/or Audit Committee.

The certainty of the fixed compensation also allows Supervisory Board members in their supervisory role to focus on the long-term interest and sustainability of the Company. Each member of the Supervisory Board is entitled to reimbursement by the Company for all expenses incurred by him/her in connection with performing his/her duties as the Supervisory Board member. Due to its small size, all members of the Supervisory Board perform functions of the Audit and other Committees. Therefore, the chairman of the Supervisory Board and the chairman of the Audit Committee do not receive extra compensation for the performance of their function. At least two of the Audit Committee comply with the requirement of financial expert within the meaning of Article 39, paragraph 1, of Directive 2014/56/EU.

The Company does not grant loans, advance payments or guarantees to members of the Supervisory Board.

Overview of the Supervisory Board Remuneration in 2023

In thousands of EUR	Total fixed compensation in 2023	Total fixed compensation in 2022	Total fixed compensation in 2021
Boguslawa Skowronski	15	15	15
Marek Skreta	15	15	15
Ariel Sergio Davidoff*	15	8.75	n/a

* Mr. Davidoff's term of office commenced on 31 May 2022.

[1] Entity owned by Michael Gartner (51.67%) and by Georg Hotar (48.33%)

[2] Entity 100% owned by Georg Hotar

Mokrá Lúka, Slovakia

Photon Energy Group

Financials

Photon Energy Group

Photon Energy N.V.

Financial Statements

For the Year Ended 31 December 2023

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Photon Energy N.V. Consolidated Financial Statements

For the Year Ended 31 December 2023

Consolidated Statement of Comprehensive Income for the Year Ended 31 December

In thousands of EUR	Note	2023	2022 restated
Revenue	10	70,649	95,136
Other income	11	932	552
Raw materials and consumables used	12	-36,877	-43,929
Solar levy	13	-1,621	-1,969
Personnel expenses	14	-18,479	-9,534
Other expenses	15	-10,898	-15,947
Earnings before interest taxes depreciation & amortisation (EBITDA)		**3,706**	**24,309**
Depreciation	19,20,22	-11,044	-8,949
Impairment charges	16	-977	-684
Gain on investment revaluation	23	2,902	0
Gain on derecognition of associate	8	0	2,182
Share of profit equity-accounted investments (net of tax)	9	217	127
Results from operating activities (EBIT)		**-5,196**	**16,985**
Financial income	17	743	362
Financial expenses	17	-11,434	-9,535
Gains less losses on derecognition of financial liabilities at amortised costs	17	-221	-114
Revaluation of derivatives	17	-194	1,027
Profit/loss before taxation (EBT)		**-16,302**	**8,725**
Income tax due/deferred	18	552	-2,463
Profit/loss		**-15,750**	**6,262**
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property plant and equipment	19,30	14,482	433
Revaluation of other investments	23	5,235	605
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation difference – foreign operations	30	-430	342
Derivatives (hedging)	30,36	-3,996	2,310
Derivatives (hedging) **– related to JV**	30,36	0	5
Other comprehensive income		**15,291**	**3,695**
Total comprehensive income		**-459**	**9,957**
Profit/loss attributable to:			
Attributable to the owners of the company		-15,684	6,309
Attributable to non-controlling interest		-66	-47
Profit/loss for the year		**-15,750**	**6,262**
Total comprehensive income attributable to:			
Attributable to the owners of the company		-393	10,004
Attributable to non-controlling interest		-66	-47
Total comprehensive income		**-459**	**9,957**
Earnings per share			
Earnings per share (basic) (in EUR)	31	-0,264	0.111
Earnings per share (diluted) (in EUR)	31	-0,264	0.111
Total comprehensive income per share (in EUR)	31	-0,007	0.175

The notes on pages 89 to 161 are an integral part of these financial statements.

Consolidated Statement of Financial Position as of 31 December

In thousands of EUR	Note	31 December 2023	31 December 2022 restated
Assets			
Goodwill	21	15,272	15,272
Intangible assets	22	8,062	7,541
Property, plant and equipment	19	172,511	145,549
Right of use- leased assets	20	4,990	3,449
Long term advances	26	0	780
Investments in equity-accounted investees	9	1,823	1,509
Long-term receivable from derivatives	26	2,012	5,087
Other receivables - non-current	26	534	543
Deferred tax asset	24	2,778	1,601
Other non-current financial assets	23	17,021	7,816
Non-current assets		**225,003**	**189,147**
Inventories	25	14,093	20,328
Contract asset	27	855	1,154
Trade receivables	26	4,870	9,624
Other receivables	26	12,105	9,039
Loans to related parties	26	2,815	2,447
Current income tax receivable	35	2,759	0
Prepaid expenses		1,287	597
Liquid assets	28	12,978	21,358
Cash and cash equivalents		5,838	*11,271*
Liquid assets with restriction on disposition		7,140	*6,373*
Precious metals		0	*3,714*
Asset held for sale		659	0
Current assets		**52,421**	**64,547**
Total assets		**277,424**	**253,694**
Equity & Liabilities			
Equity	30		
Share capital		612	600
Share premium		40,687	40,524
Revaluation reserve		55,668	38,326
Legal reserve		13	13
Hedging reserve		358	4,355
Currency translation reserve		1,935	2,363
Retained earnings		-28,717	-15,408
Other capital funds	30	38	38
Treasury shares held	30	-827	-139
Equity attributable to owners of the Company		**69,767**	**70,672**
Non-controlling interests		-263	-197
Total equity		**69,504**	**70,475**
Liabilities			
Loans and borrowings	32	82,073	58,446
Issued bonds	32	78,539	76,511
Lease liability	20	4,181	2,914
Other non-current liabilities	32	208	230
Provisions	32	555	566
Deferred tax liabilities	24	11,070	11,013
Long-term payables from derivatives		1,722	0
Non-current liabilities		**178,348**	**149,680**
Loans and borrowings	32	12,878	7,259
Issued bonds	32	529	3,670
Trade payables	34	9,308	11,988
Other payables	34	5,252	6,610
Contract liabilities	27	662	592
Lease liability	20	943	712
Current tax liabilities	18	0	2,708
Current liabilities		**29,572**	**33,539**
Total liabilities		**207,920**	**183,219**
Total equity and liabilities		**277,424**	**253 694**

The notes on pages 89 to 161 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 31 December

In thousands of EUR	Note	Share capital	Share premium	Statutory reserve fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Other capital funds	Own treasury shares	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
Restated balance as at 1 January 2022	30	**600**	**31,443**	**13**	**40,251**	**2,022**	**2,039**	**38**	**-38**	**-24,680**	**51,688**	**-150**	**51,538**
Profit/loss for the year		0	0	0	0	0	0	0	0	6,309	6,309	-47	6,262
Increase in revaluation of PPE	19	0	0	0	433	0	0	0	0	0	433	0	433
Change in fair value of derivatives	30	0	0	0	0	0	2,310	0	0	0	2,310	0	2,310
Change in fair value of other investments (FVOCI)	23	0	0	0	605	0	0	0	0	0	605	0	605
Foreign currency translation differences (restated)	30	0	0	0	0	342	0	0	0	0	342	0	342
Change in fair value of derivatives (JV share)	36	0	0	0	0	0	5	0	0	0	5	0	5
Other comprehensive income (restated)		**0**	**0**	**0**	**1,038**	**342**	**2,315**	**0**	**0**	**0**	**3,695**	**0**	**3,695**
Total comprehensive income (restated)		**0**	**0**	**0**	**1,038**	**342**	**2,315**	**0**	**0**	**6,309**	**10,004**	**-47**	**9,957**
Acquisition of subsidiary	30	0	8,781	0	0	0	0	0	-23	0	8,781	0	8,781
Other movements (restated)	30	0	0	0	0	0	0	0	0	0	0	0	0
Recycled from revaluation reserve to retained earnings	30	0	0	0	-2,963	0	0	0	0	2,963	0	0	0
Other transactions with owners in their capacity as owners	30	0	300	0	0	0	0	0	-78	0	199	0	199
BALANCE at 31 December 2022	30	**600**	**40,524**	**13**	**38,326**	**2,364**	**4,354**	**38**	**-139**	**-15,408**	**70,672**	**-197**	**70,475**
Profit/loss for the year										**-15,684**	**-15,684**	**-66**	**-15,750**
Increase in revaluation of PPE	19	0	0	0	14,482	0	0	0	0	0	14,482	0	14,482
Change in fair value of derivatives	30	0	0	0	0	0	-3,996	0	0	0	-3,996	0	-3,996
Change in fair value of other investments (FVOCI)	23	0	0	0	5,235	0	0	0	0	0	5,235	0	5,235
Foreign currency translation differences	30	0	0	0	0	-430	0	0	0	0	-430	0	-430
Change in fair value of derivatives (JV share)	36	0	0	0	0	0	0	0	0	0	0	0	0
Other comprehensive income		**0**	**0**	**0**	**19,717**	**-430**	**-3,996**	**0**	**0**	**0**	**15,291**	**0**	**15,291**
Total comprehensive income		**0**	**0**	**0**	**19,717**	**-430**	**-3,996**	**0**	**0**	**-15,684**	**-392**	**-66**	**-458**
Acquisition of subsidiary	8	0	0	0	0	0	0	0	0	0	0	0	0
Other movements	30	0	0	0	0	1	0	0	0	0	1	0	10
Recycled from revaluation reserve to retained earnings	30	0	0	0	-2,375	0	0	0	0	2,375	0	0	0
Other transactions with owners in their capacity as owners	30	12	163	0	0	0	0	0	-688	0	-513	0	-513
BALANCE at 31 December 2023	30	**612**	**40,687**	**13**	**55,668**	**1,935**	**358**	**38**	**-827**	**-28,717**	**69,767**	**-263**	**69,504**

The notes on pages 89 to 161 are an integral part of these financial statements.

Consolidated Statement of Cash Flows for the Year Ended 31 December

In thousands of EUR	Note	2023	2022 restated
Cash flows from operating activities			
Profit/loss for the year before tax		**-16,302**	**8,725**
Adjustments for:			
Depreciation	19,20,22	11,044	8,949
Share of profit of equity-accounted investments	9	-217	-127
Impairment charges	26	977	684
Net finance costs	17	11,106	8,259
Other non-cash items		-839	-5,991
Changes in:			
Trade and other receivables	26	1,457	-7,544
Gross amount due from customers for contract work	27	-360	-23
Prepaid expenses	26	-691	-157
Inventories	25	5,901	-17,890
Trade and other payables	34	-3,990	9,690
Income tax paid (advances)	35	-4,883	-1,728
Proceeds from sale of gold		4,012	0
Net cash from operating activities		**7,214**	**2,847**
Cash flows from investing activities			
Acquisition of property, plant and equipment	19	-23,284	-27,576
Acquisition of subsidiaries, associates, JV	9	-3,425	-6,214
Acquisition of other financial asset	28	0	-277
Acquisition of other investments	23	0	-120
Proceeds from investment loans	9	0	757
Net cash used in investing activities		**-26,709**	**-33,430**
Cash flows from financing activities			
Proceeds from borrowings	32	38,710	29,086
Transfer to restricted cash account	28	-10,638	-22,559
Transfer from restricted cash account	28	9,871	19,774
Repayment of borrowings	32	-9,934	-6,649
Repayment of principal element of lease liability	20	-1,177	-668
Proceeds from issuing bonds	32	2,500	22,500
Payment of placement fee/exchange bonus fee for bonds issued	17	-75	-331
Repayment of long term liabilities/bonds	32	-3,761	-23,719
Interest payments	32	-11,434	-8,281
Proceeds from terminated derivatives	17	0	195
Net cash from financing activities		**14,062**	**9,348**
Net decrease/increase in cash and cash equivalents		**-5,434**	**-21,235**
Cash and cash equivalents at 1 January		**11,271**	**32,506**
Cash and cash equivalents at 31 December	28	**5,838**	**11,271**

The notes on pages 89 to 161 are an integral part of these financial statements.

Photon Energy Group

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

1. Reporting Entity

Photon Energy N.V. ("Photon Energy" or the "Company"), ID 51447126, is a joint-stock company incorporated under the laws of Netherlands on 9 December 2010. The statutory seat of the Company is Barbara Strozzilaan 201, 1083HN Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in jointly controlled entities.

Photon Energy N.V. is the Group's ultimate parent company. It is a a joint-stock company incorporated and domiciled in the Netherlands. Principal place of business on the Company is the Netherlands.

Photon Energy NV's shares are listed on the regulated markets of the Warsaw and Prague Stock Exchanges, as well as on the Quotation Board of the Frankfurt Stock Exchange. Trading of the shares on regulated markets on the Warsaw Stock Exchange and Prague Stock Exchange commenced on 5 January 2021. Trading of the Company's shares on the Quotation Board of the Open Market of the Frankfurt Stock Exchange (FSX) commenced on 11 January 2021.

The bonds are traded on the Open Market of the Frankfurt Stock exchange, and on the stock exchanges in Berlin, Hamburg, Hannover, Munich and Stuttgart.

The Group is mainly engaged in the development of photovoltaic power plants. This activity involves securing suitable sites by purchase or long-term lease, obtaining all licenses and permits, the design, procurement and installation of photovoltaic equipment, financing, operations and maintenance. Photon Energy pursues a comprehensive strategy of focusing both on green-field and rooftop installations while trying to cover the largest possible part of the value chain and lifecycle of the power plant.

2. Basis of Preparation

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (IFRSs) as adopted by the European Union ("EU IFRSs") and title 9 Book 2 of the Netherlands Civil code. It represents the international accounting standards adopted in the form of European Commission Regulations in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements were authorised for issue by the Board of Directors on 30 April 2024.

Going Concern

During 2023, the Company encountered difficult market conditions that resulted in overall worsening financial results at the level of EBITDA and total negative net loss.

While assessing the going concern for the Company, the Management considered several critical scenarios including the following going concern risk triggers, such as:

- Results presented in the most recent financial statements;
- Industry conditions;
- Belated payments of non-core business-related liabilities;
- Inability to comply with the terms of loan agreements;
- Specific forecast events.

In order to diminish the negative 2023 results, the impacts of the above listed triggers, and to improve the Company's financial position in 2024 and onwards, the Management of the Company took the following decisions:

- Change from merchant scheme to Feed in Tariff scheme in Hungary, ensuring the guaranteed electricity revenues with no adverse impacts of the volatile market developments. This measurement will also strengthen the financial stability of the entities and thus the ability of meeting the covenants as required by the financing banks.
- Change from merchant scheme to Feed in Tariff scheme in Czech Republic, ensuring the guaranteed electricity revenues with no adverse impacts of the volatile market developments.
- Investments in innovations to improve lines of services at Lerta and extending of service portfolio as an additional source of the revenues
- Planned rebalancing of our asset portfolio
- Focus on 3rd party EPC business with high margins and realization within the one-year period with regular cash inflow
- New refinancing agreements

Scenarios based on the supporting cashflow forecasts take into account internal and external developments relevant in the assessment of the ability of the Company to continue as a going concern, including but not limited to market developments, change in electricity prices/schemes, new EPC projects pipelines, sale of assets in non-core areas and new refinancing agreements.

The consolidated financial statements have been prepared on a going concern basis, resulting from the Management's assessment of the Company's ability to continue its operations for the foreseeable future.

2.2 Basis of Measurement

The consolidated financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

- Property, plant and equipment – photovoltaic power plants are measured at revalued amounts (for revaluation details refer to the note 19)

- Financial instruments, except for derivatives, FVPL and FVOCI financial investments, are measured at amortised costs
- Derivatives, FVPL and FVOCI financial investments are measured at fair value.

2.3 Functional Currency

These financial statements are presented in EUR.

The functional currencies used in the Group are CZK for Czech subsidiaries, EUR for Dutch, German and Slovak companies, CHF for Swiss subsidiaries, HUF for Hungarian entities AUD for Australian subsidiaries ROM for Romanian entities and PLN for Polish entities. All financial information presented in EUR has been rounded to the nearest thousand.

2.4 Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with EU IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes or below:

- Note 5.1 – Key assumptions used in discounted cash flow projections related to the valuation of the photovoltaic power plants
- Note 2.4.1. – Recognition of deferred tax asset
- Note 2.4.2. – Recognition of revenues from constructions contracts
- Note 2.4.3. – ECL measurement
- Note 2.4.4 – Key assumptions used in measurement of fair value of other financial investments
- Note 2.4.5 – Impairment of goodwill
- Note 2.4.6 – Initial recognition of intangible assets
- Note 2.4.7 – Useful economic life of tangible and intangible assets and right of use
- Note 2.4.8 – Business combination

Other factors, such as climate-related risks, do not have significant impact on Group's operations and do not lead to a significant risk of material adjustments and therefor are not considered to be significant judgements. The power plants are not affected by global warming itself. Potential increase of damages by thundersorms are covered by the insurance, which cost is minor. Due to the geographical diversification of the power plants there is no risk that a material part of the portfolio could be damaged at the same time.

The businesses reported in the New Energy segment, such as electricity trading and capacity market trading, including the assets held by these companies are not significantly affected by the climate related risks. Most of the non-current assets consist of intangible assets (e.g. software or goodwill) are not affected by climate change impact, disparities in resources or other ecological and sociological consequences. The market development and increasing volume of the power resources with the volatile level of production on the other hand leads to an increasing number of market participants and importance of capacity markets. Both factors positively influence market size and the performance of the segment.

2.4.1 Recognition of Deferred Tax Asset

The recognised deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. This includes temporary difference expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilised. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium-term business plan prepared by the Management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances. More information relating to not-recognised deferred tax assets are presented in note 24.

2.4.2 Recognition of Revenues from Contracts with Customers

Revenues from contracts are recognised for engineering, procurement, and construction (EPC) contracts to external customers. The management estimates progress towards complete satisfaction of that performance obligation. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. The Group regularly reviews and validates the methods that are used for the progress estimation.

2.4.3 ECL Measurement

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in note 26. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

2.4.4 Key Assumptions used in Measurement of Fair Value of Other Financial Investments

Other financial investments are stated at its fair value based on valuation models prepared by the Management. These models and the assumptions underlying them are regularly reviewed by the Management. The Management considers that the valuation of its other financial investment is currently subject to an increased degree of judgement and an increased likelihood that actual proceeds on a sale may differ from the carrying value.

For the investment in Valuetech the profit share of the equity value of the participations in ValueTech is considered as of the reporting date with deduction of a 30% transaction discount (covering cost and price discounts) from this value.

Other financial investments include primarily ordinary and preference shares and related share options held (see also note 23).

The principal assumptions underlying the estimation of the fair value are following:

- Market price of the shares
- Probability of the realisation of the share options granted and expected market price of the shares to be purchased at the realisation of the share options
- Discount rate reflecting required return on investment on this type of the Group's investments

For investment in Valuetech

- transaction discount (covering cost and price discounts)
- share on equity

These valuations are regularly compared to actual market data and most recent actual similar transactions made on the relevant market.

2.4.5 Impairment of Goodwill

Goodwill is reviewed at least annually for impairment. Any impairment loss is recognised as an expense immediately and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to groups of individual Cash-Generating Units (CGUs) expected to benefit from the combination. If the recoverable amount of the CGU is less than the carrying amount of goodwill allocated to it, the resulting impairment loss is applied first to the allocated goodwill and then to the other assets on a pro-rata basis of the carrying amount of each asset. Reversals of impairment losses on goodwill are not permitted.

2.4.6 Initial Recognition of Intangible Assets

Intangible assets measured in fair value are recognized in the value calculated based on the discounted cash-flow model and will be regularly amortized in line with the utilization of the underlying contracts during the period of 2023-2027. Those assets (capacity market contracts) have been recognized during business combination (note 8) and they are disclosed in note 22.

2.4.7 Useful Economic Life of Tangible and Intagible Assets and Right of Use

Useful economic life of the intangible assets is determined in line with the underlying contracts, in case of the demand response contracts, it is a 5 years period for 2023-2027. Those assets (capacity market contracts) have been recognized during business combination (note 8) and they are disclosed in note 22.Right of use economic life is determined to be in line with the period of the contract signed for the lease of an underlying asset. Useful economic life of the tangible asset is usually defined for the period of the future estimated cash-flows, usually up to 25-30 years in case of the photovoltaic powerplants.

2.4.8 Business Combination

In business combinations, identifiable assets and liabilities, and contingent liabilities, are recognized at their fair values at the acquisition date. Determining the fair value requires significant judgments on future cash flows to be generated.

Goodwill in a business combination represents the excess of the consideration paid over the net fair value of the acquired identifiable assets, liabilities and contingent liabilities. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

The fair value of brands, customer relationships and know-how acquired in a business combination is estimated using generally accepted valuation methods. These include the relief-from-royalty method, the incremental cash flow method and the multi-period excess earnings method.

The fair value of property, plant and equipment acquired in a business combination is based on estimated market values.

The fair value of inventories acquired in a business combination is determined based on estimated selling prices in the ordinary course of business, less the estimated costs of completion and sale and a reasonable profit margin, based on the effort required to complete and sell the inventories.

2.5 Restatement of the Comparative Period

The Group took over the control of Lerta Group as 31 December 2022 when Photon Energy increased its shareholding from 56.75% to 85.62%. As at 31 December 2022 Photon gained full control effectively (described in detail in chapter 8). The acquisition accounting was prepared on a provisional basis. During preparation of these consolidated financial statements the Group completed the acquisition accounting as allowed by IFRS 3 and therefore revised comparative financial information. The revision stated below therefore does not represent retrospective restatement of error.

Adjustment to fair value of assets and liabilities in final PPA of Lerta

In thousands of EUR	Fair value 31 December 2022 – provisional acquisition accounting	Change	Fair value 31 December 2022 – final acquisition accounting
Software	356	671	1,027
Goodwill	461	-461	0
Equipment	326	0	326
Inventory	290	0	290
Loans, accounts receivables, prepayments	4,679	0	4,679
Bank and cash	1,060	0	1,060

In thousands of EUR	Fair value 31 December 2022 – provisional acquisition accounting	Change	Fair value 31 December 2022 – final acquisition accounting
Provisions and accruals	379	0	379
Loans and trade payables	5,348	0	5,348
Capacity market contracts (note 22)	6,048	-589	5,459
Deferred tax liability	1,149	-112	1,037
Total net assets acquired	**6,344**	**-267**	**6,077**
Goodwill arising from the acquisition	15,005	267	15,272
Total purchase price	**21,349**	**0**	**21,349**

The group revaluated the software internally developed and capacity market contracts to its fair value as of the date of the acquisition.

Other restatements

In current period the transfers on restricted cash account has been reported in gross amount on two separate line in the Colsolidated Statemets of cash flow; Transfer to restricted cash account EUR -10,638 thousand (2022 EUR -22,559 thousand) and Transfer from restricted cash account EUR 9,871 thousand (2022 EUR 19,774 thousand). The Consolidated Statemets of cash flow of the Company for the year ended 31 December 2022 presented the transfers on restricted cash account on netto basis on financial statment line Transfer to/from restricted cash account in amount of EUR -2,785 EUR.

In the statement of movement in equity, the presentation of the movement of the currency reserve has been unified with the approach in the financial year 2023. Originally separately presented other movement was transferred to the line Foreign currency translation differences and it is shown as one figure. Closing balance of the currency reserve has not been changed, however the other comprehensive income has increased by EUR 2,285 thousand to EUR 3,695 thousand (originally EUR 1,410 thousand).

3. Application of New and Revised EU IFRSs

3.1 New and Revised EU IFRSs Affecting Amounts Reported in the Current Year (and/or Prior Years)

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2023 or later, and which the Group has not early adopted.

The management assessed the impact of New and Revised EU IFRSs Affecting Amounts Reported in the Current Year and concluded that these has not had material impact on Consolidated financial statements as of 31.12.2023.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023) have been reflected in Consolidated financial statements. In consequence the Group reported those accentuating policies, which have been considered as material in terms of the amendment.

3.2 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2024 or later, and which the Group has not early adopted.

Amendment to IFRS 16 – Leases on sale and leaseback – (issued on September 2022 and effective for annual periods beginning on or after 1 January 2024).

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.The Group is currently assessing the impact of the amendments on its consolidated financial statements and no significant impacts are expected.

Amendment to IAS 1 – Non-current liabilities with covenants (issued on January 2020 and November 2022 and effective for annual periods beginning on or after 1 January 2024).

These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The Group is currently assessing the impact of the amendments on its consolidated financial statements and no impacts are expected.

Amendment to IAS 7 and IFRS 7 - Supplier finance (issued on May 2023 and effective for annual periods beginning on or after 1 January 2024).

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk.The Group is currently assessing the impact of the amendments on its consolidated financial statements.

New accounting Pronouncements are aligned with the EU Endorsement Status Report of 20.12.2023.

4. Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

4.1 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

4.1.1 Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

4.1.2 Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Income and expenses and other comprehensive income of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group accounting policies.

4.1.3 Loss of Control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as other financial asset depending on the level of influence retained.

4.1.4 Investments in Associates and Jointly Controlled Entities (Equity-accounted Investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20 percent or more of the voting power of another entity. Joint ventures are arrangements that the Company controls jointly with one or more other investors, and over which the Company has rights to a share of the arrangements net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Share of profit equity-accounted investments (net of tax) is presented in Result from operating activities.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

4.1.5 Transactions Eliminated on Consolidation

Regarding subsidiaries all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Regarding equity-accounted investees (see note 4.1.4) part of a margin on sales to these entities is eliminated. This part is calculated as a percentage of margins equal to the percentage of the entity's shares owned by the Group.

4.2 Foreign Currency

4.2.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

4.2.2 Foreign Operations

The assets and liabilities of foreign operations (those in the Czech Republic, Switzerland, Hungary, Romania, Poland and Australia as of 31 December 2023 and 2022) are translated into Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at exchange rates at the dates of the transactions.

Loans between the Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between the Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognised in the consolidated profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognised in other comprehensive income.

4.2.3 Cash and Cash Equivalents/Liquid Assets

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost (AC) because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at fair value through profit or loss (FVTPL).

Restricted balances are disclosed in the notes to cash and cash equivalents (note 28) for the purposes of the consolidated statement of cash flows. The debt service and project reserve accounts are excluded from cash and cash equivalents as they serve as collateral for the lending banks and can only be used with the approval of the lending banks.

Gold ingots purchased by the Group, are initially recognised at costs and subsequently measured at fair value through profit or loss.

4.2.4 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.3 Financial Instruments

Financial instruments are only used to mitigate risks and are not used for trading purposes.

4.3.1 Non-derivative Financial Assets

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Regular way purchases and sales of financial assets are accounted for at trade date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Initial Measurement of Financial Assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within Impairment charges.

Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL nor FVOCI):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method.

Financial Assets at Fair Value Through Profit or Loss (FVTPL) or/and at Fair Value Through Other Comprehensive Income ("FVOCI")

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as FVOCI. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Financial Assets Impairment – Credit Loss Allowance for Expected Credit Loss (ECL)

Trade and other receivables, loans issued and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL.

The Group applies simplified approach for impairment of trade receivables and contract assets.

Financial Assets – Write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

4.3.2 Non-derivative Financial Liabilities

Classification and Initial Measurement of Financial Liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Financial Liabilities – Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

4.3.3 Derivative Financial Instruments

Derivative financial instruments, including interest rates swaps, are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivatives that do not meet the requirements for application of hedge accounting are included in profit or loss for the year.

4.3.4 Cash Flow Hedges that Qualify for Hedge Accounting

The Group decided to apply hedge accounting in accordance with IFRS 9. The Group designates certain derivatives prospectively as either a hedge of the fair value of a recognised asset or liability (fair value hedge), or a hedge of future cash flows attributable to a recognised asset or liability or a forecasted transaction (cash-flow hedge). Hedge accounting is used for derivatives designated in this way, provided that certain criteria, including defining the hedging strategy and hedging relationship before hedge accounting is applied and ongoing documentation of the actual and expected effectiveness of the hedge, are met.

Changes in the fair value of derivatives that qualify as effective fair-value hedges are recorded in the income statement, along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk.

Changes in the fair value of derivatives that qualify as effective cash-flow hedges are recorded as revaluation reserve from assets and liabilities in equity and are transferred to the income statement and classified as an income or expense in the period during which the hedged item affects the income statement.

4.3.5 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Consideration received above the nominal value of the ordinary shares is classified in equity as Share premium. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Treasury Shares

Where the Company or its subsidiaries purchase the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from the equity attributable to the Company's owners until the equity instruments are reissued, disposed of or cancelled. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

4.4 Property, Plant and Equipment

4.4.1 Recognition and Measurement

Photovoltaic power plants are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed at sufficient regularity so that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. The need for revaluations is assessed every quarter.

For fair value determination see note 5.1.

Any revaluation surplus arising on the revaluation of such photovoltaic power plant is recognized in other comprehensive income and accumulated in equity, except to the extent that the surplus reverses a revaluation deficit on the same asset previously recognized in profit or loss. Any deficit on the revaluation of such photovoltaic power plants is recognized in profit or loss except to the extent that it reserves a previous revaluation surplus on the same asset, in which case the debit to that extent is recognized in other comprehensive income.

Photovoltaic power plants, which the Company consolidates, in the course of construction are carried at cost, less any recognized impairment loss. The cost of self-constructed assets includes the cost of materials and direct labor plus any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs. Such properties are reported as Property, plant, equipment - Assets in progress and are classified to Property, plant and equipment - Photovoltaic power plants when completed and ready for use. These assets are completed and ready for use when the power plant is connected to the electricity network and all technical parameters necessary for electricity production are completed. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Additional costs capitalized in the value of the asset are included in the regular review of power plants value as done on quarterly basis.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized. The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

Included in the property plant and equipment are non separable intangible assets mainly relating to the rights to build and operate photovoltaic power plants in a specific country. Because the items are non separable, the rights are included in property, plant and equipment.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The gain or loss on disposal of an item of fixtures and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

4.4.2 Depreciation

Depreciation is recognized so as to write off the costs or revalued amount of property, plant and equipment (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation of revalued photovoltaic power plants is recognized in profit or loss. Every quarter the amount equal to the difference between depreciation based on the revalued carrying amount of photovoltaic power plants and depreciation based on asset's original cost is transferred directly to retained earnings. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows (based on the professional judgement combining the Feed in Tariff period and useful estimated live of the components and technology used in the power plants):

- Photovoltaic power plants 20-30 years
- Fixtures and equipment 3–10 years

4.5 Right-of-use Assets

The group leases land, various offices and vehicles. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease component based on their relative stand-alone prices.

Assets arising from a lease are initially measured on a present value basis. Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- cost to restore the asset to the conditions required by lease agreements.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

- Lands and easements — lease term, 15-35 years
- Cars — lease term, 5 years

4.6 Intangible Assets

The Group's intangible assets have definite useful lives and primarily include capitalised computer software and patents.

Development costs that are directly associated with identifiable and unique software or patents controlled by the Group are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

Intangible assets are amortised using the straight-line method over their useful lives:

- Capitalised software development costs — 3 years

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal.

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life of 5 years and are subsequently carried at cost less accumulated amortisation and impairment losses.

4.6.1 Goodwill

Goodwill is measured initially as described under "Consolidated financial statements " in note 4.1.1. Goodwill is not amortised but it is tested for impairment annually (note 2.4.5.). Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. The carrying value of the cash-generating unit containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

4.7 Impairment

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.8 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.9 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4.9.1 Warranties

A provision for warranties is recognized when the underlying services are sold, i.e. when the construction contracts are finished. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

4.10 Lease Liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable. There are no variable payments that are based on an index or a rate, no amounts expected to be payable by the Group under residual value guarantees nor purchase option for which the Group is reasonably certain to exercise that option.

Extension and termination options are included in some property leases across the Group. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with value of EUR 4 thousand or less.

4.11 Revenue Recognition

Revenue is income arising in the course of the Group's ordinary activities. The Group recognises revenues from the following activities:

- Revenue from electricity generation
- Revenue from electricity trading
- Revenue from capacity market contracts
- Revenue from engineering, procurement and construction (EPC)
- Revenue from sale of goods (solar panels, inverters and related technologies)
- Revenue from sale of services (e.g. maintenance, technical-administrative; installation)

Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is recognised net of discounts, value added taxes, export duties and similar mandatory payment.

4.11.1 Revenue from Electricity Generation

Revenues from sale of electricity are coming from the sale of electricity produced and sold to merchant or to the local electricity distributor directly. Invoices are issued/ revenues are recognised only when the electricity is delivered to the distribution net in the volume reviewed and accepted by the distributors. No element of financing is deemed present as the sales are made with credit terms of 30 days, which is consistent with market practice.

Government grants for power generation intended as a compensation for the price of power, are recognised under revenue from electricity generation. The subsidies are based on the volume of electricity generate and sold to local electricity distributor and announced subsided unit price. The compensation is billed to the operator in the same moment as the revenues from the electricity sold.

Solar levy of 10% applied to electricity produced in the Czech Republic is presented separately in costs.

4.11.2 Revenue from Electricity Trading

Revenues from trading of electricity are primarily coming from the sale of electricity purchased on the market or from the generators. Revenues are recognised based on the daily reconciliations with clearing houses in the monthly billing period. The group is trading only on the intraday and day-ahead market only.

The Group purchased the whole outcome of the generator, therefore the controls it before physical delivey to customer and faces related risk including balancing of the balancing group. The saling price of the electricity is not fixed (do not represent fix fee). In consequence of those fact, the Group operates as an principal and recognize the the revenues from electricity trading in the gross amount.

In case of imbalances minor revenues are also generated from the balancing market where balancing market operator is the customer. Billing arises monthly or in 10 days period.

No element of financing is deemed present as payments arise daily based on the daily reconciliation.

4.11.3 Revenue from the Capacity Market Contracts

Revenues from the capacity market contracts are recognized based on the fulfillment of the obligation of readiness to deliver capacity per capacity market units. Billing arises on the monthly basis.

The readiness might be tested by the market operator once a quarter per capacity market unit. Test result impacts the readiness recognition for the whole quarter.

No element of financing is deemed present as the sales are made with credit terms of 30 days.

4.11.4 Revenue from Sale of Goods

Sales are recognised when the control over the goods has transferred to the customer. This transfer of control is clearly defined in the contractual conditions. Group as a supplier does not provide in major of the cases any other separate performance as part of the delivery. In minor cases, the storage services, transportation, or arrangement of customs duty is provided and invoiced individually, however this is provided only on the individual basis and represents an immaterial part of the overall revenues within the sale of technology division.

No element of financing is deemed present as the sales are made with credit terms of 30-60 days, which is consistent with market practice. In most cases, the Company requires advance payments (partial or 100%) for the sales of goods. Advances received are recognised as contract liability.

If the Group provides any additional services to the customer after contract over goods has passed, revenues from such services is considered to be separate performance obligation and is recognised over the time the service is rendered.

4.11.5 Revenues from Sale of Services

Revenues from sale of services (e.g. maintenance, technical-administrative; installation) are recognised on regular and recurring basis for a fixed fee agreed in the contract, additionally to this ad-hoc interventions are invoiced based on the actual usage of the on call service intervention. In this case, the invoice is issued only on the basis of the accepted protocol confirming the services were really provided to the customer and were accepted. Part of this intervention and service provided can be also provision/usage of miscellaneous material that is at the end part of the total invoice. However, this is not provided independently without the related service so it cannot be considered as a separate performance obligation. No element of financing is deemed present as the sales are made with credit terms of 30 days, which is consistent with market practice.

4.11.6 Revenue from Engineering, Procurement and Construction (EPC)

Construction services are provided based on engineering, procurement and construction (EPC) contracts either to internal or external customers. In the contract, milestones for invoicing are clearly defined. The EPC provider commits himself to the construction and delivery of the power plant with the regular warranty for quality of the work delivered. No long-term extraordinary guarantees that could be considered as a separate obligation under IFRS 15 are provided. EPC services represent one single performance obligation as EPC services are not distinct to a customer and cannot be separated from each other.

Revenues from EPC are recognised over the time and include the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. In accordance with contract terms, the Group has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Group recognised revenue by measuring the progress towards complete satisfaction of that performance obligation using the input method. The Group is entitled to invoice the customers when defined milestones are achieved. The Group recognises contract assets for construction work delivered. Invoiced amount of contract assets is reclassified to trade receivable upon its invoicing. In case the payment for the milestones exceed the amount of revenues recognised based on the input method, the Group recognises a contract liability. No significant financing component is deemed in EPC contracts, as the time period between revenue recognition based on input method and the milestone payment is always shorter that one year, in most cases with credit terms from 30 to 90 days.

4.12 Finance Income and Financial Expenses

Financial income comprises interest income on loans. Interest income is recognized in profit or loss using the effective interest rate method.

Financial expenses comprise interest expense on borrowings, bank account fees and net foreign currency losses. Interest expense is recognized using the effective interest rate method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss. Borrowing costs incurred by the Group directly attributable to the construction of power plants is capitalized in the cost of the related asset until the date of its completion.

Foreign currency gains and losses are reported on a net basis and recognised in profit and loss.

4.13 Employee Benefits

Wages, salaries, contributions to the state pension and social insurance funds in the Czech Republic, Slovakia, Hungary, Poland, Romania, Netherlands, Switzerland and Australia, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group. Beside the contributions to the statutory defined contribution schemes, there are no other obligations of the Group beyond these contributions.

The Group also provides an Employee Share Purchase program to some of its employees. Under this program, the employees receive an automatic monthly bonus of 10% to their gross salary and the difference between after-tax amounts of 100% and 110% of the base salary is used for the purchase of shares. The 10% bonus to the gross salary as well as related social and health contribution are recorded and expense in each respective period.

4.14 Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss for the year as other income over the period necessary to match them with the costs that they are intended to compensate.

Compensations from government agencies related to revenue from fixed feed-in-tariffs, where applicable, are included in Revenue from electricity generation, as they represent part of the Group's core activity clearly linked to the model of PVP revenue from sales of electricity.

4.15 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax liability is recognized for assets revaluation reported in other comprehensive income and other temporary differences. Assets revaluation represents the revaluation of photovoltaic power plants described in note 4.4.1.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.16 Earnings Per Share

The Group uses ordinary shares only. The Group presents basic earnings per share and total comprehensive income per share data.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding during the year for the diluting effect of the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified condition.

Total comprehensive income per share is calculated by dividing the total comprehensive income attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Total diluted comprehensive income per share is calculated by dividing the total comprehensive income by the weighted average number of common shares outstanding during the year adjusted for the diluting effect of the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified condition.

4.17 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's management and directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately. Reportable segments including information on how operating segments are aggregated are included in note 7.

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's office premises), head office expenses, and other minor expenses non-allocable to any of the segments.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

4.18 Changes in Presentation of Financial Information

There were no changes presentation of financial information during the year.

4.19 Alternative Performance Measures

The Board of Directors evaluates the Company's and the Group's performance using selected financial statements subtotals and and ratios presented in this section as Alternative Performance Measures (APM) within the meaning of the ESMA Guidelines on Alternative Performance Measuresr. The disclosed Alternative Performance Measures comply with ESMA Guidelines on Alternative Performance Measures. The Board of Directors believes that the Alternative Performance Measures are among the measures used by the Board of Directors to evaluate the financial performance of the Company and the Group and they are frequently used by securities analysts, investors and other interested parties to perform their own evaluation. They do not have uniform definitions and are not calculated by entities in the same manner; therefore, no assurance may be given that the Alternative Performance Measures of the Group will be comparable with similar ratios presented by other entities, including entities operating in the same sector as the Group.

The following tables show the basic Alternative Performance Measures of the Group used by the Board of Directors as of the dates and for the periods indicated along with a justification for their use, as well as the method of calculation of the individual Alternative Performance Measures with reference to the specific financial statement items.

EBITDA

In thousands of EUR		**2023**	**2022**
A.	Revenue	70,649	95,136
B.	Other income	932	552
C.	Raw materials and consumables used	-36,877	-43,929
D.	Solar levy	-1,621	-1,969
E.	Personnel expenses	-18,479	-9,534
F.	Other expenses	-10,898	-15,947
EBITDA = (A+B+C+D+E+F)	**Earnings before interest taxes depreciation & amortisation (EBITDA)**	**3,706**	**24,309**

Liquid assets

In thousands of EUR		**2023**	**2022**
A.	Cash and cash equivalents	5,838	11,271
B.	Liquid assets with restriction on disposition	7,140	6,373
C.	Precious metals	0	3,714
Liquid assets = (A+B+C)	**Liquid assets**	**12,978**	**21,358**

Total comprehensive income per share

In EUR		**2023**	**2022**
A.	Total comprehensive income (in thousands EUR)	-459	9,957
B.	Average number of shares (in thousands)	59,608	56,830
TCI per share = A/B	**Total comprehensive income (TCI) per share**	**-0,008**	**0,175**

The table below presents the definitions of the Alternative Performance Measures and the rationale for their use.

Name of Alternative Performance Measure	**Definitions**	**Rationale for using the Alternative Performance Measure**
EBITDA	The Group defines EBITDA for a respective period as earnings on continuing operations for such period before interest, taxes, depreciation and amortisation.	EBITDA measures the Group's operating performance net of financial burdens and amortisation, depreciation and impairment, which makes it possible to analyse performance regardless of any changes in interest bearing liabilities or the balance of noncurrent assets held by the Group, which, through depreciation and amortisation, may affect other performance measures.
Liquid assets	The Group defines Liquid assets for a respective period as sum all cash and cash equivalnets, cash depostis with restrictions and liquide precious metals (not used as an invetory for an operation activities).	Liquid assets measure the Group's value of bank account balances and liquid precious metals regardless of the restrictions imposed on the account by the bank.
Total comprehensive income per share	The Group defines total comprehensive income per share as a ration of TCI and average number of ordinary shares issued.	Total comprehensive income per share measure the leverage of TCI per average number of ordinary share issued. The measure provides a comprehensive and holistic view of the Group's financial performance taking into account not only the net income but also OCI.

5. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5.1 Property, Plant and Equipment

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach, using quoted market prices for similar items when available, or the income approach (an internally generated discounted cash-flow model) if there is no market-based evidence of the fair value.

For photovoltaic power plants comparable market prices are not sufficiently available due to a lack of transactions in some markets and a lack of public available specific data of such transactions. The market values of power plants significantly vary dependent on a large number of parameters, which are usually not sufficiently disclosed. Those parameters are among others the actual feed-in-tariff and its duration, actual and expected production output, used technology components, contracted operating cost of the power plant, financing structure, conditions and financing cost, etc. Most investors use the income approach also as a basis to determine a purchase price for a transaction. Based on the aforementioned lack of reliable and comparable market data, the income approach is used by the Company as a more relevant method. Under this approach the fair value of photovoltaic power plants is based on an internally generated discounted cash flow models, discounted at weighted average cost of capital. For PVPs the future cash flows are calculated for the period equaling the estimated useful life (30 years in Australia, 25 years in the Czech Republic, Slovakia, Romania and Hungary) and are based on Feed-in-Tariffs or expected electricity and certificate prices on the relevant markets and on the WACC (Weighted Average Cost of Capital).

On a quarterly basis, management reviews the expected costs of debt of individual projects vis-à-vis actual interest cost, financial market conditions, and interest rate for a 15-year state bond. On a quarterly basis, management also reviews expected cost of equity for the period of the cash flow model. Based on the those cost the WACC is revised as well. The initial valuations are done as of the date of put in use of an individual power plant, and each model is periodically reviewed and any potential change in inputs is considered. As of 31 December 2023 the cash flow projections are prepared for 25 years in Czech Republic, Slovak Republic and Hungary, equal to the expected technical and commercial life time of the projects. Main other inputs used in the models are the following: overall project budget, taxes, interest rates, reserve funds, feed in tariff or electricity market price assumptions, OPEX, CAPEX and degradation factor assumption.

The revaluation reserve created, based on the DCF models, is annually released to the retained earnings in the amount equal to the depreciation calculated from the amount of revaluation (see also Note 4.4.2 Depreciation).

Since 2014 the Group uses the DCF Equity valuation method which is based on a Discounted Cash Flow method. This method includes the future cash flows available to the shareholders/providers of equity of photovoltaic projects (i.e. after all debt repayments and interests) that are later discounted by respective discount rates.

The valuation of the project keeps in mind the risk profile of future cash flows and the way the project is financed. The risk profile is represented by a discount rate (WACC).

Quarterly discounting is applied that follows the fact that debt repayments are happening on quarterly basis. This is effecting the overall change in financing structure and indirectly effecting WACC.

Changes in the Valuation Parameters in 2023

The most significant change in the valuations is related to Photon's biggest portfolio in Hungary. A major part of Hungarian PVPs is set to return under feed-in tariff scheme from 1.4.2024. The current tariff price (47.04 KUF/kWh) is substantially above the expected market price resulting in the 6.5 mil EUR increase in portfolio value. Also Czech PVPs is set to return under feed-in tariff scheme, the effect on the valuation has not been significant therefore the value of the portfolio has not been revaluated.

Major technical modifications in general set-up of models is in the calculation of the Discount Rate which was switched from Levered Cost of Equity to WACC which is more suitable considering the debt/equity structure of SPVs.

Changes in the Valuation Parameters in 2022

In June 2022 the Hungarian government issued a decree introducing a 65% tax on the excess revenues (that is above the feed-in-tariff/contract-for-difference price of EUR 85 per MWh) generated by licensed PV power plants (required for installations with a grid connection capacity exceeding 500 KW AC) which had either exited one of the support schemes or had been awarded a METÁR license in auction but did not execute the contract-for-difference with the designated Hungarian state entity, for the financial years 2022 and 2023. On that basis, seven power plants with a total installed capacity of 9.86 MWp (representing 19.3% of the Company's capacity in Hungary) have been and will continue being affected by the excess revenue tax. All other power plants in Hungary are exempt from this tax.

The Group updated the DCF models for Hungary to reflect these changes and it resulted in a decrease of fair value of property, plant and equipment by EUR 567 thousand compensated in increase of fair value of property, plant and equipment in other countries with overall zero effect on the whole portfolio. Introduced windfall taxes in other countries do not affect the proprietary portfolio of the Group.

5.2 Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

5.3 Financial Instruments – Other Financial Assets and Derivatives

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

6. Financial Risk Management

6.1 Risk Management Framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

6.2 Sovereign Risk

The Company's results can be adversely affected by political or regulatory developments negatively impacting on the income streams of projects in the portfolio. A number of countries have already succumbed to retroactive measures reneging on existing agreements, guarantees and legislation by imposing levies, cancelling contracts or renegotiating terms unilaterally or by other measures reducing or in the worst-case cancelling Feed in Tariffs (FiT) for renewable energy investments. Legal remedies available to compensate investors for expropriation or other takings may be inadequate. Lack of legal certainty exposes projects in the portfolio to increased risk of adverse or unpredictable actions by government officials, and also makes it more difficult for us to enforce existing contracts. In some cases these risks can be partially offset by agreements to arbitrate disputes in an international forum, but the adequacy of this remedy may still depend on the local legal system to enforce the award.

6.3 Operational Risk

The economic viability of energy production using photovoltaic power plants installations depends on FiT systems. The FiT system can be negatively affected by a number of factors including, but not limited to, a reduction or elimination in the FiT or green bonus per KWh produced, an elimination or reduction of the indexation of the FiT and a shortening of the period for which the FiT applies to photovoltaic installations. On the investment side the Company faces uncertainty in relation to the approval process for the construction of photovoltaic installations, grid connection and the investment cost per KWp of installed capacity. The operating and financial results of the Company can be seriously affected by a sudden or significant change in the regulatory environment in each of the countries where the Company or its subsidiaries conduct business.

During the fourth quarter of 2010, the Czech parliament and the Czech government approved several changes in the legal framework governing certain aspects of the photovoltaic and other industries. Those changes included mainly: (i) a 3 years solar levy, newly introduced into the Czech tax system, of 26% on the revenues of photovoltaic power plants above 30kW of installed capacity, completed in the years 2009 and 2010, (ii) the abolishment of a six-year corporate income tax exemption for photovoltaic power plants, and (iii) a tenfold increase of the contractual fees previously agreed between the photovoltaic power plant operators and the state Land Fund for the extraction of certain classes of land from the state fund.

In September 2013, additional prolongation of the solar levy was approved. The percentage was decreased to 10% and applicability of this tax prolonged till end of the useful economic life of the power plants.

In September 2021, an additional 10% solar levy was introduced in the Czech Republic for the powerplants put in operation in 2009 and 2010 (see 5.1 above).

From 2016 and 2017 the Group opted for its Czech power plants for the green bonus scheme and for the years 2018 onwards the Management decided to opt again for the feed-in-tariff. For 2022 the Group opted for the green bonus scheme again. In July 2021, the Slovak Republic decided to prolong and reduce the feed-in-tariff for the power plants connected in 2010 and 2011 (see 5.1 above).

6.4 Currency Risk

The Group is exposed to a currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The transactions of the Group entities are mainly denominated in CZK, EUR, AUD, CHF, RON, PLN and HUF. The Group does not manage the foreign currency risk by the use of FX derivatives, it rather uses natural hedging by actively managing FX positions. It is not done in a formalised way.

6.5 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, including the electricity distributors.

6.5.1 Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. In most cases, the Company requires advance payments (partial or 100%) for the delivery of electricity in order to minimise the credit risk. Additionally, in case of new customers, the company looks for market references of the potential customers that are available in public resources. The collections are regularly monitored by the responsible employees and any significant overdue receivables are discussed with the management of the company. Management of the company is responsible for the decision whether allowance is to be created or any other steps need to be performed.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

6.5.2 Liquid Assets with Restriction on Disposition

The Group held liquid assets of EUR 12,978 thousand at 31 December 2023 (2022: EUR 21,358 thousand), which represents its maximum credit exposure on these assets. Liquid Assets consist of following items:

In thousands of EUR	**2023**	**2022**
Cash and cash equivalents	5,838	11,271
Cash with restriction on disposition	7,140	6,373
Precious metals	0	3,714
Liquid assets	**12,978**	**21,358**

The cash and cash equivalents and liquid assets with restriction on disposition are held with banks and financial institution counterparties. Only those banks and financial institutions, which were approved by the members of the board of directors, can be used by the Group.

Some of the cash held by the Czech, Slovak, Hungarian and Australian SPVs having received external financing is restricted only for certain transactions, e.g. debt service, or maintenance service for inverters. Further, several bank guarantees have been issued by banks for Photon Energy Australia Pty Ltd., Photon Energy Engineering Australia Pty Ltd., Photon Energy Corporate Services CZ s.r.o. and by Greenford Solar srl. for which the banks requested security deposits. Total amount of this restricted cash by these companies is EUR 7,140 thousand as at 31 December 2023 (2022: EUR 6,373 thousand), see also note 28.

6.6 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

6.7 Interest Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. It is measured by the extent to which changes in market interest rates impact on net interest expense. The Company uses interest rate derivatives for managing the interest rate risk.

All the connected SPVs refinanced by bank, consolidated in full or by using the equity method by the Group, own interest rate derivatives used for hedging. The purpose of the derivatives is to hedge against movement of interest rates. Concluding the derivative contract was one of conditions required by financing bank as defined in the Loan contract.

The change in fair value of these derivatives is recognized via equity of the Company and the result is shown in Derivatives reserve of the Company's equity.

6.8 Inflation Risk

State support, especially feed-in tariffs, is indexed in the cases of Czech and Hungarian projects; i.e. they are subject to inflationary adjustment that is defined by a specific band. In case of high inflation, there is consequently a risk that the running operative costs increase while the yields will not be adjusted accordingly. In projects that are not supported by the state there is a different risk - namely that by lower inflation the calculated market prices for electricity will not develop as it was planned. The occurrence of any of the mentioned risks can have a negative impact on the financial situation, of the Group.

Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy will unwind accordingly to the further negotiations with the Group's creditors.

The Group's net debt to equity ratio at the reporting date was as follows:

In thousands of EUR	**2023**	**2022**
Total liabilities	207,920	183,219
Less: Liquid assets	12,978	21,358
Net debt	194,942	161,861
Total equity	69,767	70,672
Net debt to equity ratio at 31 December	**2.794**	**2.29**

Equity ratios:

	2023	**2022**
Full Equity ratio	25.1%	27.8%
Adjusted Equity ratio (for bond governance)	28.0%	32.0%

Adjusted Equity ratio is calculated as Total Equity/(Loans and borrowings (Non-current liabilities)+ Issued bonds and Other long term liabilities+ Loans and borrowings (Current liabilities)+ Issued bonds and Other loans (Current liabilities)).

There were no changes in the Group's approach to capital management during the year.

7. Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues or incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's management and Board of directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The chief operating decision maker (CODM) has been identified as the Board of Directors and the CFO of the Group.

The Board of Directors identified the following segments to be reported:

- **Engineering**: Development, engineering and construction services of-turn-key photovoltaic systems' installations for external clients and Photon Energy). This segment was formerly named Energy Solutions and included as well wholesale of technology, which became due to its size an own reportable segment. Further activities of project development were taken out of this segment and are reported now under "Others", since the nature of the activity changed from purely internal development for our own projects to project development for external partners,
- **Technology**: Wholesale, import and export of FVE components,
- **Investments (Electricity Generation)**: Investment into photovoltaic power plants and generation of revenues from production of electricity (this segment includes SPV that finished building of photovoltaic power plants and those that are connected to the distribution network and produce electricity). Previously this segment was split into "Production of Electricity" and "PV Investments" as those income is generated by the same assets,
- **Operations & Maintenance**: Operations, maintenance and PVPP supervision. This segment includes also the services of Inverter Cardio and Monitoring and Control,
- **Other segments**: Other, not related to any of the above mentioned segments. Others include project development, water technology and remediation services and other activities, such as corporate services. None of these activities meets any of the quantitative thresholds for determining reportable segments in neither 2022 nor 2023.
- **New Energy:** Capacity markets, energy trading, demand side response. Starting from 2023, the New Energy division was added to the Company's business lines. It consists of Lerta in its current form (capacity market, energy trading, real-time asset aggregator, DSR) and absorbed division of Photon Energy Solutions (Solutions entities) to develop and provide next generation energy services to energy consumers with energy storage playing growing role.

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Interest income, interest expense and income tax charges are allocated directly to the segments. Segment capital expenditure is the total cost incurred during the reporting period to acquire property, plant and equipment, and intangible assets other than goodwill.

Factors that Management Used to Identify the Reportable Segments

The Group's segments are strategic business units that focus on different business activities. They are managed separately because each business unit requires different processes.

Measurement of Operating Segment Profit or Loss, Assets and Liabilities

The Group's management and directors review financial information prepared based on IFRS as adopted by EU adjusted to meet the requirements of internal reporting. The financial information does not differ from IFRS as adopted by EU.

The Group's management and directors evaluate the segments based on total comprehensive income which is considered to be the key measure.

Information About Reportable Segment Profit or Loss, Assets and Liabilities

Information About Reportable Segments

Operating segments for the period from 1 January 2023 to 31 December 2023

In thousands of EUR	Engineering	New Energy	Technology	Investments	Operations and Maintenance	Other	Total for segments before elimination	Elimination	Consolidated financial information
External revenues from the sale of products, goods & services	9,070	24,507	18,831	12,820	3,597	1,824	**70,649**	0	**70,649**
Internal revenues from the sale of products, goods & services	18,139	5,120	5,034	8,587	2,436	23,176	**62,492**	-62,492	**0**
Total revenues	**27,209**	**29,627**	**23,865**	**21,407**	**6,033**	**25,000**	133,141	-62,492	70,649
Other external income	36	82	19	8	30	757	**932**	0	**932**
Raw materials and consumables used	-3,842	-11,684	-20,327	-28	-294	-702	**-36,877**	0	**-36,877**
Raw materials and consumables used within segments	-3,037	-8,846	-1,125	0	-70	0	**-13,078**	13,078	**0**
Solar levy	0	0	0	-1,621	0	0	**-1,621**	0	**-1,621**
Personnel expenses and other expenses	-8,158	-6,116	-1,398	-2,979	-4,350	-6,376	**-29,377**	0	**-29,377**
Personnel and other expenses within segments	-10,235	-4,283	-27	-1,230	-1,536	-22,958	**-40,269**	40,269	**0**
EBITDA	**1,973**	**-1,220**	**1,007**	**15,557**	**-187**	**-4,279**	12,851	-9,145	3,706
Depreciation	-99	-1,828	-61	-7,288	-498	-1,270	**-11,044**	0	**-11,044**
Impairment charges	0	-121	-856	0	0	0	**-977**	0	**-977**
Other gain (loss)	0	0	0	0	0	2,902	**2,902**	0	**2,902**
Gain (loss) on disposal of investments	0	0	0	0	0	0	**0**	0	**0**
Profit/loss share in equity-accounted investees	0	0	0	217	0	0	**217**	0	**217**
Results from operating activities (EBIT)	**1,874**	**-3,168**	**90**	**8,486**	**-685**	**-2,647**	3,949	-9,145	-5,196
Financial income	132	531	25	1,632	1,111	13,562	**16,993**	-16,250	**743**
Interest expense	-1,566	-1,065	-765	-8,441	-1,580	-14,020	**-27,437**	16,003	**-11,434**
Financial espenses	-338	15	-342	-779	-5	1,228	**-221**	0	**-221**
Revaluation of derivatives	0	0	0	-115	0	-79	**-194**	0	**-194**
Profit/loss before taxation (EBT)	**102**	**-3,687**	**-992**	**783**	**-1,159**	**-1,957**	-6,910	-9,392	-16,302
Income Tax (income and deferred)	1,172	-133	0	-744	-9	266	**552**	0	**552**
Profit/loss after taxation	**1,274**	**-3,821**	**-992**	**39**	**-1,168**	**-1,690**	-6,358	-9,392	-15,750
Other comprehensive income	-158	-198	-198	12,773	223	2,849	**15,291**	0	**15,291**
Total comprehensive Income	**1,116**	**-4,019**	**-1,190**	**12,812**	**-945**	**1,159**	8,933	-9,392	-459
Assets	**43,504**	**46,422**	**22,172**	**190,985**	**19,095**	**224,056**	546,234	-268,810	277,424
Liabilities	**-45,252**	**-36,309**	**-18,973**	**-152,202**	**-29,929**	**-190,552**	-473,217	265,297	-207,920
Investments in JV accounted for by equity method	0	0	0	1,823	0	0	**1,823**		**1,823**
Additions to non-current assets	0	0	0	38,859	0	0	**38,859**		**38,859**

Operating segments for the period from 1 January 2022 to 31 December 2022

In thousands of EUR	Engineering	New Energy	Technology	Investments	Operations and Maintenance	Other	Total for segments before elimination	Elimination	Consolidated financial information
External revenues from the sale of products, goods & services	5,180	210	50,786	35,239	2,854	868	**95,137**	0	**95,137**
Internal revenues from the sale of products, goods & services	10,049	0	14,100	49	2,196	7,725	**34,119**	-34,119	**0**
Total revenues	15,229	210	64,886	35,288	5,050	8,593	**129,256**	-34,119	**95,137**
Other external income	-12	0	7	11	30	516	**552**	0	**552**
Raw materials and consumables used	-2,295	-142	-40,988	0	-426	-78	**-43,929**	0	**-43,929**
Raw materials and consumables used within segments	-2,055	0	-14,026	-33	0	0	**-16,114**	16,114	**0**
Solar levy	0	0	0	-1,969	0	0	**-1,969**	0	**-1,969**
Personnel expenses and other expenses	-7,511	-41	-3,175	-4,064	-3,329	-7,362	**-25,482**	0	**-25,482**
Personnel and other expenses within segments	-179	0	0	-1,238	-1,408	-5,628	**-8,453**	8,453	**0**
EBITDA	**3,177**	**27**	**6,704**	**27,995**	**-83**	**-3,959**	**33,861**	**-9,552**	**24,309**
Depreciation	-51	-1	-41	-7,419	-619	-817	**-8,948**	0	**-8,948**
Impairment charges	-1	0	-657	0	-20	-5	**-683**	0	**-683**
Gain (loss) on disposal of investments		0	0	0	0	0	**0**	0	**0**
Gain on derecognition of associate	0	0	0	0	0	2,182	**2,182**	0	**2,182**
Profit/loss share in equity-accounted investees	0	0	0	127	0	0	**127**	0	**127**
Results from operating activities (EBIT)	**3,125**	**26**	**6,006**	**20,703**	**-722**	**-2,599**	**26,539**	**-9,552**	**16,987**
Financial income	440	0	7	392	275	4,128	**5,242**	-4,879	**363**
Interest expense	-530	0	-342	-4,237	-475	-8,556	**-14,140**	4,879	**-9,261**
Finanacial expenses	177	0	-30	-571	90	59	**-275**	0	**-275**
Other net financial expenses	0	0	0	0	0	-114	**-114**	0	**-114**
Revaluation of derivatives	0	0	0	413	0	614	**1,027**	0	**1,027**
Profit/loss before taxation (EBT)	**3,212**	**26**	**5,641**	**16,700**	**-832**	**-6,468**	**18,279**	**-9,552**	**8,727**
Income Tax (income and deferred)	-932	0	-708	-790	-27	-7	**-2,464**	0	**-2,464**
Profit/loss after taxation	**2,280**	**26**	**4,933**	**15,910**	**-859**	**-6,475**	**15,815**	**-9,552**	**6,263**
Other comprehensive income	97	15	82	2,415	-29	1,114	**3,695**	0	**3,695**
Total comprehensive Income	**2,377**	**41**	**5,015**	**18,325**	**-888**	**-5,361**	**19,510**	**-9,552**	**9,957**
Assets	**39,032**	**11,460**	**41,186**	**172,409**	**18,200**	**199,579**	**481,866**	**-228,172**	**253,694**
Liabilities	**-36,766**	**-9,677**	**-29,043**	**-110,410**	**-26,970**	**-189,308**	**-402,174**	**218,955**	**-183,219**
Investments in JV accounted for by equity method	0	0	0	1,509	0	0	**1,509**	0	**1,509**
Additions to non-current assets	0	0	0	26,216	511	23,062	**49,789**	0	**49,789**

7. Operating Segments (Continued)

All the operational segments are managed on an international basis (not on a country level). In 2023, the Group operated in the Czech Republic, Slovak Republic, Germany, Hungary, Australia, Switzerland, Romania, Poland, Mongolia, South Africa and the Netherlands with headquarters in the Netherlands.

In 2023, revenues were generated in all above mentioned markets, except of the Netherlands, Mongolia and South Africa. Non-current assets (power plants) are located in the Czech Republic, Slovak Republic, Hungary, Romania and Australia.

For the booking of transactions between the segments, the same rules for the recognition are applied as for the third parties.

Geographical information below, including revenues based on the geographical location of entities generating the revenues and segment assets based on the geographical location of the assets is presented in notes 10 and 19.

Major Customer

The Group has many customers. For the companies selling electricity, there is usually only one distribution company, which buys produced electricity in a region. These local electricity distributors further deliver and resell electricity to final customers. Distributors are obliged to purchase all of the electricity production for the price based on Feed in Tariff prices. The Group as such is not dependent on any individual customer.

During 2023 the Group commissioned a powerplants in Romania where electricity is sold directly into the wholesale electricity market and the revenues from sale of this electricity are based on actual market prices.

Revenues from customers over 10% of total revenues

In thousands of EUR	2023	2022
Lerta Energy HU Kft	0	13,904
European Commodity Clearing Luxembourg	11,664	0
Polskie Sieci Elektroenergetyczne S.A.	8,328	0
OTE, a.s.	9,748	9,617
Total revenue from customers over 10% of total revenues	**29,739**	**23,521**
Total revenue	**70,649**	**95,136**

Revenues from European Commodity Clearing Luxembourg is presented in segment New Energy and represent sales of electricity. Revenues from Polskie Sieci Elektroenergetyczne S.A. is representing mostly gains from capacity market and they are also presented in New Energy Segment. Unlike 2022 a smaller part of revenues from OTE, a.s. are presented in segment new energy, but a major part of revenues from sale of internally generated electricity are still presented in segment Investments as in 2022,In 2022 revenues from Lerta Energy HU Kft and OTE a.s.were presented in segment Investments and represent revenues from sale of electricity from various PVPs.

Non-current assets by geographical location

In thousands of EUR	2023	2022
The Czech Republic	45,017	52,055
Hungary	56,736	47,905
Romania	53,653	27,126
Poland	25,765	25,383
Australia	34,126	23,580
The Slovak Republic	9,618	11,102
Netherlands	87	67
Total	**225,003**	**187,218**

8. Business Combination

Lerta Spółka Akcyjna is a joint-stock company organized under the laws of Poland, with its office at Naramowicka 76, 61-622 Poznań, Poland, registered in the register of entrepreneurs of the National Court Register kept by District Court Poznań – Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register, under number KRS 0000848411 (hereinafter referred to as "Lerta").

Lerta is an energy startup on a mission to become the biggest clean energy company free of generation assets. Lerta enables energy consumers and generators to maximize profits or savings with effective, AI-based management of aggregated in Virtual Power Plant ("VVP") assets on several markets simultaneously.

Lerta fully owns directly nine subsidiaries in five countries (hereinafter referred to as "Lerta Group"). Those subsidiaries are:

Nr	Subsidiary Name	Short	Country
1	Lerta Poland Sp. z o.o.	LPL	Poland
2	Lerta Power Poland Sp. z o.o.	LPPL	Poland
3	Lerta JRM Sp. z o.o.	LJRM	Poland
4	Lerta Technology Sp. z o.o.	LTECH	Poland
5	Lerta Energy S.r.l.	LROM	Romania
6	LERTA Magyarország Kft.	LMAG	Hungary
7	Lerta Energy HU Kft.	LHUK	Hungary
8	Lerta Czech Republic s.r.o.	LCR	Czechia
9	Lerta Lithuania UAB	LLIT	Lithuania

8.1 Valuation of Lerta

The purchase price for Lerta shares was agreed at PLN 5.80 (EUR 1.25) per one share. Above information was disclosed in the financial statements 2022 and during 2023 has not been changed.

8.2 Steps of the Acquisition

The book value of Lerta previously presented as Associate for 24.27% stake was EUR 3,202 thousand.

Step	Amount In thousands of EUR
Book value of Lerta	3,202
Cash transfers	6,720
Book value as of 24 November 2022	**9,922**

As of 24 November 2022, the Company acquired all shares which were owned by three financial investors i.e., 5,594,202 shares representing 32.48% in the capital of Lerta. The sale/purchase price was agreed between the parties at PLN 5.80 per share and amounted in the total contractual value of PLN 32.446 million (EUR 6.5 million). Upon completion of this transaction Photon Energy Group increased its shareholding in Lerta from 24.27% up to 56.75%. Additionally, an agreement was signed between the Company and the founders of Lerta to protect the Founders interest until the final acquisition of their shares by the Company. In this agreement, the Company agrees to not take over control of Lerta by not taking any actions that would imply control as long as such investment agreement between the founders and the Company is signed. On 20 December 2022 the Company concluded an investment agreement with the founders of Lerta, and certain executive contracts to this agreement. Under the terms of this agreement, an additional equity stake of 7,449,750 shares, representing 43.25% of Lerta's equity was acquired by the Company for a combination of a PLN 2.16 million (EUR 464 thousand) cash consideration, the transfer of 2,300,110 treasury shares in the Company and 1,238,521 Company shares to be newly issued in an in-kind contribution. As of 31 December 2022, Photon Energy N.V. acquired 4,972,708 shares in Lerta in the exchange of 2,300,110 treasury shares in the Company and PLN 2.16 million (EUR 464 thousand) paid in cash to the Founders. As a result, the Company increased its shareholding in Lerta to 85.62%.

Between 24 November 2022 and 31 December 2022 Photon Energy has not appointed or recalled a member to the supervisory board, nor requested to appoint or recall a member to the board of directors. Photon Energy has also not taken any other measures that could be considered as taking over control of

Lerta. Management of Lerta was in the full responsibility of the Founders as being members of the board of directors.

Based on the above the date of taking over control of Lerta Group is considered as 31 December 2022 when Photon Energy increased its shareholding from 56.75% to 85.62%. Photon gained full control effectively as at 31 December 2022. The transfer of the outstanding consideration was deferred to the year 2023, when remaining 14.38% have been taken over in a in-kind contribution of Lerta shares against the issuance of new shares of the Company in February 2023.

As at 31 December 2022, the date of taking over control of Lerta Group, the investment in the acquiree held prior to the acquisition was remeasured to its fair value at the acquisition date and a gain of EUR 2,182 thousand was recognised as a gain in profit and loss income.

As at 31 December 2022, the consideration transferred was calculated as follows:

Step	Amount in thousands of EUR
Book value of of 24 November 2022	9,922
Cash transfers	464
Value of shares issued	5,700
Remeasure of the previously held equity interest	2,182
In-kind contribution against issuance of new shares	3,081
Book value as of 31 December 2022	**21,349**

The total value of 100% share in Lerta was calculated to EUR 21,349 thousand in the purchase price allocation. There is no non-controlling interest calculated and booked as a result of the transaction with the owners, share swaps have been posted to the share premium (the transfer of remaining shares of Lerta was only deferred due to Photon's need to issue new shares).

In the purchase price allocation, the fair values of assets and liabilities acquired are based on discounted cash flow models. Based on it, the following items were included in the purchase price allocation:

- Demand response contracts

  Demand Side Response which means the reduction of electricity consumption on demand is becoming an increasingly vital tool in keeping the power grid balanced. Lerta aggregates DSR capacity from a fast-growing number of Polish flexumers (industrial or commercial clients with controllable loads or behind-the-meter generation who has flexibility to adjust its generation or consumption of electricity on demand). The aggregated pool of energy and flexibility helps the Polish system operator to balance the market and keep the grid stable and delivers it to the system operator on demand, realizing contractually agreed revenues which are presented I the model as revenues from the capacity market.

The fair value of Demand response contracts in the purchase price allocation activated as intangible asset was evaluated at EUR 5,458 shousand (before restatement EUR 6,047 thousand) with attributable deferred tax liability of EUR 1,037 thousand (before restatement EUR 1,149 thousand).

The fair value in the purchase price allocation was calculated based on secured demand response contracts for the years 2023 to 2027. Expected cash flows were discounted at a rate of 18,1% (before restatement 13.61%).

Starting from 1 January 2023 the demand response contracts will be amortized in line with the utilization of the contracts.

Goodwill calculated in the purchase price allocation in the amount of EUR 15,272 thousand (before restatement EUR 15,005 thousand) arises from the main synergies described below.

The integration of Lerta into Photon Energy Group represents the fusion of physical and digital energy to create a customer-centric renewable energy utility that will be uniquely positioned to effectively address the pain points of energy generators, energy users and transmission system operators. Energy generators will be able to benefit from an integrated approach to asset operation and management as well as cost-efficient market access, including balancing services. Energy users will be able to manage and optimise their costs from a combination of on-site generation and off-site supply. This will include the benefit of energy storage and the monetisation of their demand flexibility. Transmission systems operators will be provided with flexible supply, DSR and ancillary services to the power grid.

The impact on Photon Energy Group's strategic and operational priorities following the Transaction will include:

- Capacity building and product development for the efficient delivery of a 'one-stop shop' offering that combines assets, services and IT solutions to establish Photon Energy Group as the preferred partner for commercial and industrial customers in the CEE region and Australia on their journey from passive energy users to proactive energy flexumers.
- A significant acceleration in the deployment of utility-scale and on-site energy storage capacities both as an EPC supplier as well as an investor, leveraging the Group's experience in Australia such as the Lord Howe Island hybrid - energy system and the planned utility-scale hybrid plant in Boggabri, New South Wales.
- Close monitoring of the emergence of markets for grid flexibility and other ancillary services worldwide and evaluation of opportunities as they emerge, which may lead to relatively low-risk and low-cost market entries into new locations currently not served by the Company.

Information stated above in this chapter was disclosed in the financial statements 2022 and resembles the background of the transaction. Except from the references to the restated figures the management of the Group has decided to keep this part of the chapter unabridged to clarify the background situation in view of the development that followed in 2023. This is described in the following paragraphs and the comparison table bellow.

Details of net assets acquired and goodwill in the final purchase price allocation arising are as follows:

In thousands of EUR	**31 December 2022**	**Change**	**31 December 2022 restated**
Total net assets acquired	1,445	-461	984
Capacity market contracts (note 22)	6,047	-589	5,458
SW revaluation up-lift	0	671	671
Deferred tax liability	-1,149	112	-1,037
Goodwill arising from the acquisition	15,005	267	15,272
Total net assets acquired	**21,349**	**0**	**21,349**

In 2022 the acquisition accounting was prepared on a provisional basis. During preparation of consolidated financial statements as of 31.12.2023 the Group completed the acquisition accounting as allowed by IFRS 3 and therefore revised comparative financial information.

Throughout of the year the Group was able to review all assets considered for revaluation as of the deciding date for acquisition. Two groups of intangible assets (internally developed softwares and capacity market contracts) had not been valued on its fair value based on the information management had realized through out the year 2023, therefore the revaluation was carried out based facts and circumstances available as of the date of acquisition. The amount of the adjustments recognized are reported in the table above.

The inhouse software development in Lerta is activated at actual development cost (based on timesheets spent and actual hourly labour cost of the programmers. As of the end of the year 2022 the amount of EUR 356 thousand was activated under intangibles. Software under development was revalued using the cost approach namely the reproduction cost new approach (hereinafter also "CRN"). The resulting fair value of development costs was estimated at EUR 856 thousand. Increase of value based on PPA was thus EUR 500 thousand.

On top of that the 20% margin (EUR 171 thousand) was added to the reproduction costs. The margin represents the market standard margin for the software development, which has been commonly used by the software development companies in the Central Europe. The overall impact based on PPA on the value of software resulted in EUR 671 thousand.

Main classes of assets and liabilities recognised in fair value in the provisional purchase price allocation because of acquisition are as follows:

In thousands of EUR	**Fair value 31 December 2022 restated**
Software	1,027
ROU	326
Inventory	290
Loans, accounts receivables, prepayments	4,679
Bank and cash	1,060
Provisions and accruals	-379
Loans and trade payables	-4,999
Lease liability	-349
Capacity market contracts (note 22)	5,458
Deferred tax liability	-1,037
Total net assets acquired	**6,077**
Goodwill arising from the acquisition	15,272
Total purchase price	**21,349**

Total amount of Goodwill arising from the acquisition and assets recognized upon acquisition including fair value adjustments of already recognized assets are not expected to be deductible for tax purposes.

If the acquisition had occurred on 1 January 2022, consolidated pro-forma revenues and profit for the would have been EUR 118,158 thousand and EUR 4,735 thousand respectively. Nothing is expected to be tax deductible from GW or other FV adjustments.

In thousands of EUR	**2022**
Total purchase consideration and previously held interest in the acquiree	15,964
Less: Non-cash consideration	-8,781
Outflow of cash and cash equivalents on acquisition	7,183

9. Acquisitions of Subsidiary and Non-controlling Interests; Financial Information for the Joint Ventures

9.1 Establishment of New Subsidiaries

During 2023, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- On 5 May 2023, Photon Energy Investments AG (ex-ALFEMO AG) became 100% shareholder of Dartford Solar Kft.
- On 9 May 2023, Photon Energy Investments AG (ex-ALFEMO AG) became 100% shareholder of RochesterSolar Kft.
- On 10 May 2023, Photon Energy Investments AG (ex-ALFEMO AG) became 100% shareholder of Newhamp-Solar Kft.
- On 11 May 2023, Photon Energy Investments AG (ex-ALFEMO AG) became 100% shareholder of Brixton Solar Kft.
- On 28 September 2023, Photon Energy N.V. became 100% shareholder of Photon Energy AUS SPV 14 Pty. Ltd.,
- On 9 November 2023, Photon Energy Engineering B.V. became 100% shareholder of Photon Energy Engineering NZ Pty. Limited.

During 2022, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- On 10 June 2022, Photon Energy N.V. became 100% shareholder of Photon Energy Solutions AG.
- On 10 June 2022, Photon Energy N.V. became 100% shareholder of Photon Property AG
- On 16 September 2022, Photon Energy Solutions CZ a.s. became 100% shareholder of PESPV 1 s.r.o..
- On 16 September 2022, Photon Energy Solutions CZ a.s. became 100% shareholder of PESPV 2 s.r.o..

9.2 Acquisitions of Subsidiaries

During 2023, Photon Energy N.V. (directly or via its subsidiaries) acquired the controlling share in the following entities:

- On 5 May 2023, Photon Energy Investments AG (ex-ALFEMO AG) became 100% shareholder of Photon New Energy Beta Kft. Followingly, on 24 August 2023, Photon Energy Solutions AG became 100% shareholder of Photon New Energy Beta Kft.
- On 10 May 2023, Photon Energy Investments AG (ex-ALFEMO AG) became 100% shareholder of Photon New Energy Alfa Kft. Followingly, on 22 August 2023, Photon Energy Solutions AG became 100% shareholder of Photon New Energy Alfa Kft.
- On 21 August 2023, Photon Energy Solutions AG became 100% shareholder of Photon New Energy Gamma Kft.
- On 11 April 2023, Photon Energy Projects s.r.o. became 95% shareholder and Photon Energy Engineering s.r.o. became 5% shareholder of Faget Solar Three Srl.
- On 21 August 2023, Photon Energy Projects s.r.o. became 95% shareholder of Giulvaz Solar S.R.L., and Photon Energy Engineering s.r.o. became shareholder of remaining 5%
- On 5 September 2023, Photon Energy Projects s.r.o. became 95% shareholder of Faget Solar Five S.R.L., and Photon Energy Engineering s.r.o. became shareholder of remaining 5%

During 2022, Photon Energy N.V. (directly or via its subsidiaries) acquired the controlling share in the Lerta S.A. and its subsidiaries as described in note 8 Business combination. Also, 100% share in originally 51% owned joint venture Photon AUS SPV 6 was acquired during the year. On 1 February 2023, Photon Energy N.V. became holder of 100% of the share capital of Lerta S.A.

Other Developments in 2023

- On 17 February 2023, the merger of Barbican Solar Kft., Caledonian Solar Kft., Hampstead Solar Kft. and Ladány Solar Delta Kft. into Ladány Solar Delta Kft. was registered. The three SPV's Barbican Solar Kft., Caledonian Solar Kft., Hampstead Solar Kft. ceased to exist as of 16 February.
- On 10 July 2023, Photon Energy Solutions CZ a.s. became 100% shareholder of Lerta Czech Republic s.r.o.
- On 24 July 2023, Photon Energy Investments AG became 95% shareholder of Aldgate Solar S.R.L., and KORADOL AG became shareholder of remaining 5%
- On 24 July 2023, Photon Energy Investments AG became 95% shareholder of Holloway Solar S.R.L., and KORADOL AG became shareholder of remaining 5%
- On 24 July 2023, Photon Energy Investments AG became 95% shareholder of Chesham Solar S.R.L., and KORADOL AG became shareholder of remaining 5%
- On 24 July 2023, Photon Energy Investments AG became 95% shareholder of Watford Solar S.R.L., and KORADOL AG became shareholder of remaining 5%
- On 21 August 2023, Photon Energy Solutions AG became 100% shareholder of Photon New Energy Gamma Kft.,
- On 23 August 2023, Photon Energy Investments AG became 95% shareholder of Brentford Solar S.R.L., and KORADOL AG became shareholder of remaining 5%
- On 23 August 2023, Photon Energy Investments AG became 95% shareholder of Greenford Solar S.R.L., and KORADOL AG became shareholder of remaining 5%
- On 23 August 2023, Photon Energy Investments AG became 95% shareholder of Halton Solar S.R.L., and KORADOL AG became shareholder of remaining 5%
- On 23 August 2023, Photon Energy Investments AG became 95% shareholder of Kenton Solar S.R.L., and KORADOL AG became shareholder of remaining 5%
- On 23 August 2023, Photon Energy Investments AG became 95% shareholder of Faget Solar Three S.R.L., and KORADOL AG became shareholder of remaining 5%
- On 27 September 2023, Lerta Power Poland Sp. z o.o has changed its name to Photon Energy Trading PL Sp. z o.o.,
- On 6 November 2023, Lerta Energy Srl. has changed its name to Photon Energy Solutions Romania Srl.,
- On 9 November 2023, Lerta Technology Sp. z o.o. has changed its name to Photon Energy Systems Sp. z o.o.

Other Developments in 2022

- On 17 January 2022, KORADOL AG became 100% shareholder of Photon SPV 3 s.r.o.. Photon SPV 4 s.r.o., Photon SPV 6 s.r.o., Photon SPV 8 s.r.o., Photon SPV 10 s.r.o., Exit 90 SPV s.r.o., Onyx Energy s.r.o., Onyx Energy projekt II s.r.o., and Kaliopé Property s.r.o..
- On 10 February 2022, ALFEMO AG became 90% shareholder and KORADOL AG became 10% shareholder of Siria Solar S.r.l..
- On 24 February 2022, Photon Energy Projects became 95% shareholder and Photon Energy Solutions CZ became 5% shareholder of Deptford Solar Srl..
- On 28 February 2022, Photon Energy Projects became 95% shareholder and Photon Energy Solutions CZ became 5% shareholder Kenton Solar Srl., Lancaster Solar Srl., and Perivale Solar Srl..
- On 7 March 2022, Photon Energy Projects became 95% shareholder and Photon Energy Solutions CZ became 5% shareholder of Weston Solar Srl. and Harlow Solar Srl..
- On 14 March 2022, Photon Energy Projects became 95% shareholder and Photon Energy Soluions CZ became 5% stakeholder of Brentford Solar Srl., Camberwell Solar Srl., Romford Solar Srl., and Stratford Solar Srl..
- On 18 March 2022, Photon Energy N.V. became 95% shareholder and Photon Energy Projects became 5% shareholder of Photon Energy Engineering Romania SRL..
- On 22 March 2022, PE Solar Technology Ltd. was successfully dissolved.
- On 6 April 2022, Photon Energy Solutions s.r.o. was renamed to Photon Energy Engineering s.r.o..
- On 27 April 2022, Photon SPV 1 s.r.o. was renamed to Photon Energy Solutions CZ s.r.o.
- On 24 May 2022, Solar Age Polska S.A. was renamed to Photon Energy Solutions PL S.A..
- On 1 July 2022, Photon Energy Solutions CZ s.r.o. successfully changed its name (and legal form) to Photon Energy Solutions CZ a.s..
- On 2 September 2022, Photon Energy Operations CZ s.r.o. PRAGA SUCURSALA BUCURESTI was successfully deregistered.
- On 5 October 2022, Photon AUS SPV 12 Pty. Ltd. has changed its name to Photon New Energy Pty. Ltd..
- On 19 October 2022, Photon Energy Solutions CZ a.s. became 100% shareholder of Photon Energy Solutions s.r.o..
- On 20 October 2022, Photon Energy Solutions HU Kft has changed its name to Photon Energy Engineering HU Kft..
- On 30 December 2022, ALFEMO AG has changed its name to Photon Energy Investment AG.

9.3 Financial Information for the Joint Ventures

The table below summarises the movements in the carrying amount of the Group's investments in joint ventures.

In thousands of EUR	**2023**	**2022**
	Joint ventures	Joint ventures
Carrying amount at 1 January	**1,635**	**1,626**
Share of profit of joint ventures	217	127
Share of other comprehensive income of joint ventures	29	73
Dividends received from joint ventures	-59	-191
Carrying amount at 31 December	**1,823**	**1,635**

Joint ventures

Investments in equity-accounted investees amounting to EUR 1,823 thousand (2022: EUR 1,509 thousand) represent the nominal share in the joint ventures owned by the Group.

2023:

In thousands of EUR	**Photon SK SPV 1**	**Solarpark Myjava**	**Solarpark Polianka**	**Total**
Definition	joint venture	joint venture	joint venture	
Share	50%	50%	50%	
Equity of the entity	1,298	1,040	1,308	3,646
Share on equity	**649**	**520**	**654**	**1,823**
Net profit	-143	-163	-128	-434
Share of profit	**-72**	**-81**	**-64**	**-217**
Cash and cash equivalents	90	96	77	263
Current assets	178	188	163	529
Long-term assets	1,831	1,363	1,909	5,102
Current liabilities (financial)	-217	-217	-188	-622
Long-term liabilities (financial)	-159	-34	-253	-446
Depreciation	97	108	108	313
Interest expense	11	8	13	33
Revenues	-251	-277	-249	-777
Other comprehensive income	-4	-2	-7	-13
Dividends paid	-33	-12	-14	-59
Total comprehensive income (loss)	**96**	**117**	**102**	**314**

2022:

In thousands of EUR	**Photon SK SPV 1**	**Solarpark Myjava**	**Solarpark Polianka**	**Total**
Definition	joint venture	joint venture	joint venture	
Share	50%	50%	50%	
Equity of the entity	1,107	806	1,105	3,018
Share on equity	**554**	**403**	**553**	**1,509**
Net profit	-78	-94	-82	-254
Share of profit	**-39**	**-47**	**-41**	**-127**
Cash and cash equivalents	81	54	60	195
Current assets	156	132	124	412
Long-term assets	1,844	1,377	1,922	5,143
Current liabilities	-238	-235	-218	-691
Long-term liabilities	-294	-184	-375	-853
Depreciation	97	108	95	300
Interest expense	20	17	22	59
Revenues	-271	-295	-263	-829
Total comprehensive income (loss)	**-5**	**8**	**-37**	**-34**

All of the entities included in the above table are accounted for using the equity method of consolidation as at 31 December 2023 and 31 December 2022. The above included joint ventures can distribute profit only after agreement of the financing bank and the approval of the co-owner of the entity (via the general meeting).

10. Revenue

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions:

Timing of revenues:

In thousands of EUR	**2023**	**2022**
At a point of time	18,831	50,786
Over time	50,458	44,008
Total revenue from contracts with customers	**69,289**	**94,794**
Compensations for sales from electricity generation	1,360	342
Total revenue	**70,649**	**95,136**

Revenues by major revenue types:

In thousands of EUR	**2023**	**2022**
Sale of goods and technologies	18,831	50,786
Sale of electricity and certificates	20,047	34,897
Revenues from capacity market contracts	7,642	0
Revenues from EPC contracts	9,070	5,389
Revenues from electricity trading and balancing	7,955	0
Rendering of services	5,744	3,722
Total revenue from contracts with customers	**69,289**	**94,794**
Compensations for sales from electricity generation	1,360	342
Total revenue	**70,649**	**95,136**

The Group uses various revenue models for PVP generating revenues from sale of electricity – fixed feed in tariffs, contracts for difference, and going forward the merchant model (sale of electricity into the wholesale market at actual market prices).

Revenues from sales of electricity from fixed feed-in-tariffs in 2023 amounted to EUR 11,605 thousand (2022: EUR: 13,363 thousand), revenues from sales of electricity from contract for difference revenue model amounted to zero both in 2023 and 2022; and revenues from sales of electricity for market price amounted to EUR 9,802 thousand (2022: EUR 23,286 thousand).

Total amount of subsidies returned under the contract for difference scheme in 2023 was EUR 195 thousand (2022: EUR 1,780 thousand) as the average market price of electricity sold to the market exceeded the agreed price.

As the Group operates in regulated business under various models for PVP revenues from sales of electricity, the Group invoices the revenues from sale of electricity to different partners, including government agencies which in fact do not receive any generated electricity, such as the short-term electricity market operator OKTE, a.s. (“OKTE”) in Slovakia.

Total amount of compensations for sales from electricity generation invoiced to OKTE in 2023 amounted to EUR 1,360 thousand (2022: EUR 342 thousand) and from MAVIR in Hungary negative EUR 195 thousand (2022: EUR 1,780 thousand).

An energy certificate is a transferable record or guarantee related to the amount of energy or material goods consumed by an energy conversion device in industrial production. A certificate may be in any form, including electronic, and lists attributes such as method, quality, compliance, and tracking. One of the examples of energy certificates are e.g. guarantees of origin.

Even though the revenues were invoiced in 2023 and 2022 to government agency, the Group does not consider them to be government grants and recognised them as revenues from sale of electricity as these revenues are representing core activity of the Group and are clearly linked to revenue model that is determined for each PVP.

Trading revenues (including direct sales and balancing) from electricity purchased from the 3rd. parties are presented on line Revenues from electricity trading and balancing in the above table. On the face of financial statements, they are included in revenues. Sales of electricity and certificates mentioned in the table above represent just the internally generated electricity.

Revenues from capacity market contracts are representing revenues from providing capacities (reduction of power consumption) to the grid.

Revenues by geographical split:

In thousands of EUR	2023	2022
Czech Republic	30,256	68,257
Hungary	17,483	17,473
Poland	8,590	88
Australia	8,373	6,483
Romania	3,033	3
Slovak Republic	820	1,916
Germany	734	574
Total revenue from contracts with customers	**69,289**	**94,794**
Compensations for sales from electricity generation – Slovak Republic	1,360	342
Total revenue	**70,649**	**95,136**

Decrease in total revenues in 2023 is mainly a result of lower electricity generation and lower electricity prices and significantly lower volume of technology sold.

11. Other Income

In thousands of EUR	2023	2022
Miscellaneous	536	287
Grants received	344	234
Settlement agreement/insurance compensation	52	31
Total Other income	**932**	**552**

In 2023, the amount of EUR 432 thousand in Miscelanneous represent income from sale of project rights for project Zlocew in Poland.

12. Raw Materials and Consumables Used

Main expense' classes represent material consumed and cost of goods sold.

In thousands of EUR	2023	2022
Goods (modules, inverters, etc.)	-23,068	-42,600
Electricity purchased	-8,649	0
Demand side response	-3,876	0
Material consumed	-1,284	-1,329
Raw materials and consumables used	**-36,877**	**-43,929**

Raw materials and consumables consist mainly of material and goods used for technology sales and necessary for construction of photovoltaic power plants. Its decrease is mainly caused by lower technology sales and lower consumption of material during 2023.

Electricity purchased (EUR 8,649 thousand) represent electricity purchased from 3 rd. parties and sold as trading revenue described in the note 10.

Demand side response (EUR 3,876 thousand) represents fee paid to 3rd parties providing their power demand capacities.

13. Solar Levy

In thousands of EUR	2023	2022
21%/11% solar levy	-1,621	-1,969
Solar levy	**-1,621**	**-1,969**

For detailed information about the solar levy refer to note 6.3. Solar levy represent 21%/11% levy imposed on the solar electricity produced in the Czech Republic. Solar levy is calculated and settled on a monthly basis.

14. Personnel Expenses

In thousands of EUR	2023	2022
Wages and salaries	-15,377	-7,661
Social and health insurance	-2,825	-1,575
Pension costs	-277	-298
Personnel expenses	**-18,479**	**-9,534**

Pension costs represent contributions to state defined pension contributions schemes.

On 31 December 2023 the Group employed 348 employees. 4 were employed in Slovakia by Slovak entities; 34 were employed in Hungary, 37 in Australia; 76 in Poland, 32 in Romania, 2 in Switzerland and 1 in the Netherlands and New Zealand. The remaining 161 employees were employed in the Czech Republic. Out of 348 employees, 2 of them were the Board members, 66 senior and mid level management and 280 professional and administration employees.

Overall increase in personnel expenses is related to general increase in number of employees due to Lerta acquisition and natural growth of the staff. Part of the personnel expenses represent also severance payments for the terminated employees paid during 2023.

On 31 December 2022 the Group employed 220 employees. 4 were employed in Slovakia by Slovak entities; 17 were employed in Hungary, 23 in Australia; 15 in Poland, 19 in Romania, 2 in Switzerland and 1 in the Netherlands. The remaining 139 employees were employed in the Czech Republic. Out of 220 employees, 2 of them were the Board members, 26 senior and mid level management and 192 professional and administration employees. In addition, 63 employees on employment contract and 29 employees on different types of contract joined the group with the acquisition of Lerta Group as of the end of the year. Those employees are mainly employed in Poland.

Key management compensation including salaries, bonuses and social and health insurance is disclosed in note 40 Related parties.

15. Other Expenses

In thousands of EUR	2023	2022
3rd party services received	-2,643	-5,920
Construction subcontractors – services	-2,982	-2,863
Accounting and audit services	-1,075	-847
Warehousing and Freight	-959	-2,632
Legal costs	-962	-834
Balancing/scheduling/service costs	-839	-692
Travel & Accommodation costs	-624	-378
Cars – fuel and maintenance	-475	-326
Projects write off	-99	-253
Low value / short term leases	-24	-253
Miscellaneous	-216	-949
Total Other expenses	**-10,898**	**-15,947**

Miscellaneous expenses comprise of other taxes, penalties and other minor expenses.

16. Impairment Charges

In thousands of EUR	2023	2022
Net impairment losses on financial and contract assets	-927	-684
Write off receivables	-50	0
Total Impairment charges	**-977**	**-684**

In 2023 the Group created 100% allowance for the customers Nubland Nexus and Alpha Solar systems s.r.o. in the total amount EUR 539 thousand. The allowance created for the customer EkoFachowcy Sp. z. o. o. in the comparative period has remained unchanged. Another EUR 215 thousand out of the total balance of impairment charges relates to the allowance for inventories.

In 2022, the Group created 100% allowance for the customer EkoFachowcy Sp. z. o. o. in the total amount of EUR 653 thousand because of its filing for insolvency.

The remaining part of the bad debt provisions represents various small irrecoverable receivable from several entities.

17. Financial Income and Financial Expense

In thousands of EUR	2023	2022
Interest revenue calculated using the effective interest method*	465	162
Gains from financial assets sold/liabilities purchased	278	0
Revaluation of precious metals	0	200
Financial income	**743**	**362**
Interest expense on loans & borrowings calc. using effective interest method	-11,434	-9,260
Foreign exchange gains and losses (net)	-221	-275
Financial expense	**-11,655**	**-9,535**
Gains less losses on derecognition of financial liabilities – bonds	0	-114
Gains less losses on derecognition of financial liabilities recognised at amortised costs	**0**	**-114**
Net result from revaluation of trading derivatives/revaluation of	-194	1,027
Revaluation of derivatives	**-194**	**1,027**

* Interest revenue calculated using the effective interest method includes interest revenue from financial assets carried at amortised costs only.

Incremental bank costs, such as arrangement and refinancing fees, are reflected in the amortised amount of financial liabilities using effective interest rate method.

The Group did not capitalise any borrowing costs for SPVs built and connected in 2023 and in 2022.

Gains less losses on derecognition of financial liabilities in 2023 amounted to 0 EUR. In 2022 amount of EUR 114 thousand represent exchange bonus paid to the existing bondholders for the exchange of the EUR bond (see also note 32).

Net result from revaluation of derivatives represent change in fair value of derivatives for which no hedge accounting is applied (see also note 36) out of that EUR – 115 thousand in 2023 (2022: EUR 217 thousand) is related to the Czech SPVs. Revaluation of the other investment in EUR 31 thousand is included in Net result from revaluation of trading derivatives, see also note 23.

Net result in revaluation of precious metals represents change in fair value of gold held by the Group.

18. Income Tax Expense

18.1 Income Tax Recognized in Profit or Loss

In thousands of EUR	**2023**	**2022**
Current tax expense		
Current year	-2,269	-4,738
Deferred tax expense		
Deferred tax on temporary differences	2,821	2,275
Total tax expense	**552**	**-2,463**

For movement in deferred tax arising on temporary difference see note 24.

Pillar 2 is not applicable for the Group , as it is relevant only for multinational groups with turnover higher than EUR 750 million per annum.

18.2 Reconciliation of Effective Tax Rate

In thousands of EUR	**2023**	**2022**
Profit (+)/ Loss (-) before income tax	**-16,303**	**8,725**
Theoretical tax return / charge (25%)	4,076	-2,181
Effects of different tax rates in other countries	-1,375	2,667
Unrecognised tax losses of the period	-4,482	-2,813
Use of prior year losses (previously not recognised)	511	84
Recognition of deferred tax assets previously not recognised	1,826	65
Permanent differences	-4	-285
Total tax expense	**552**	**-2,463**

Theoretical tax rate of 25% represent tax rate applicable to the Netherlands, which is the country of incorporation of Photon Energy NV.

The Group has accumulated tax losses for which no deferred tax asset has been recognised, see also note 24.

19. Property, Plant and Equipment

In thousands of EUR	Land	Photovoltaic power plant	Other equipment	In progress	Total
Net carrying amounts					
Gross revalued amount at 1 January 2022	5,169	182,473	1,628	3,052	192,322
Accumulated depreciation at 1 January 2022	0	-64,208	-622	0	-64,830
Net carrying amounts 1 January 2022	**5,169**	**118,265**	**1,006**	**3,052**	**127,492**
Other Additions/Transfers	142	1,018	673	25,056	26,889
Acquisition of subsidiary	0	0	361	0	361
Revaluation increase (note 30)	0	475	0	0	475
Disposal of property, plant and equipment	0	0	0	0	0
Depreciation for the year	0	-7,419	-408	0	-7,827
Effect of movements in exchange rates	7	-1,736	-112	0	-1,841
Net carrying amounts					
Gross revalued amount at 31 December 2022	5,318	182,230	2,550	28,108	218,206
Accumulated depreciation at 31 December 2022	0	-71,627	-1,030	0	-72,657
Net carrying amounts 31 December 2022	**5,318**	**110,603**	**1,520**	**28,108**	**145,549**
Net carrying amounts 1 January 2023	**5,318**	**110,603**	**1,520**	**28,108**	**145,549**
Other Additions/Transfers	1,015	23,815	1,237	-6,642	19,425
Acquisition of subsidiary	0	0	0	0	0
Revaluation increase (note 30)	0	14,461	0	0	14,461
Disposal of property, plant and equipment	0	0	0	0	0
Depreciation for the year	0	-7,288	-806	0	-8,094
Effect of movements in exchange rates	0	1,170	0	0	1,170
Net carrying amounts					
Gross revalued amount at 31 December 2023	6,333	221,676	3,787	21,466	253,262
Accumulated depreciation at 31 December 2023	0	-78,915	-1,836	0	-80,751
Net carrying amounts 31 December 2023	**6,333**	**142,761**	**1,951**	**21,466**	**172,511**

Revaluation details by power plants:

In thousands of EUR Country		kWp	Original costs less accumulated depreciation as at 31 December 2023	Revalued amount less accumulated depreciation as at 31 December 2023	Original costs less accumulated depreciation as at 31 December 2022	Revalued amount less accumulated depreciation as at 31 December 2022
CZ	Breclav	347	312	727	321	815
CZ	Mostkovice	926	678	2,437	713	3,016
CZ	Svatoslav	1,231	886	2,960	925	3,362
CZ	Slavkov	1,159	1,026	3,036	1,068	3,611
CZ	Zvikov	2,031	1,482	5,660	1,563	6,970
CZ	Dolni Dvoriste	1,645	1,311	4,167	1,371	5,212
CZ	Radvanice	2,305	1,894	6,483	1,977	7,149
CZ	Komorovice	2,354	1,798	6,024	1,887	7,703
CZ	Zdice 1	1,499	1,139	4,078	1,200	5,258
CZ	Zdice 2	1,499	1,177	3,948	1,232	4,759
SK	Blatna	700	829	734	840	932
SK	Mokra Luka II	963	1,031	1,141	1,046	1,348
SK	Mokra Luka III	963	1,012	998	1,027	1,391
SK	Jovice V	979	941	925	954	1,136
SK	Jovice VI	979	940	901	953	1,134
SK	Babina II	999	1,137	929	1,150	1,150
SK	Babina III	999	1,143	923	1,156	1,157
SK	Prsa	999	1,165	1,076	1,180	1,264
HU	Fertod I	528	458	553	461	431
HU	Tiszakecske	5,512	3,253	5,474	3,284	4,010
HU	Almasfuzito	5,494	3,146	5,533	3,177	4,074
HU	Nagyecsed	2,067	1,299	2,047	1,310	1,506
HU	Fertod II	3,487	2,221	3,853	2,240	2,645
HU	Kunszentmarton I	1,394	972	1,986	980	1,065
HU	Taszar	2,103	1,428	2,809	1,440	1,669
HU	Monor	5,552	3,026	7,025	3,058	4,459
HU	Tata	5,375	4,146	7,731	4,179	4,655
HU	Malyi	2,085	1,755	2,742	1,766	1,627
HU	Kunszentmarton II	1,386	992	1,477	999	1,016
HU	Puszpokladany	14,118	9,284	12,971	9,375	12,986
HU	Tolna 1	1,358	941	814	950	1,326
HU	Facankert	1,358	979	740	988	1,449
AUS	Leeton and Fivebough	14,522	11,194	14,020	11,377	15,638
RO	Siria	5,691	3,706	4,965	0	0
RO	Calafat	6,028	4,370	5,786	0	0
RO	Holloway	9,460	6,278	7,932	0	0
RO	Sahateni	7,112	4,372	6,411	0	0
RO	Faget	3,178	1,924	2,966	0	0
RO	Faget 2	3,931	3,215	3,589	0	0
		124,316	**88,858**	**148,571**	**66,147**	**115,921**

Revalued amount of EUR 148,571 thousand as at 31 December 2023 (31 December 2022: EUR 115.921 thousand) includes net carrying amount of photovoltaic power plants and value of land connected to the photovoltaic power plants of EUR 5,597 thousand as at 31 December 2023 (31 December 2022: EUR 4,889 thousand) which are included under Land.

In 2022, due to legislative changes in Czech Republic and Slovakia, the Group updated the DCF models to reflect the conditions valid as of 1 January 2022, which resulted in net decrease of fair value of the property, plant and equipment in Czech Republic and Slovakia by EUR 3,509 thousand including the impact of deferred tax (EUR 2,895 thousand excluding the impact of deferred tax, (see note 5.1.)

During Q2 2022, the Group performed revaluation of a newly connected power plant in Hungary resulting in increase of the value of property, plant, and equipment by EUR 475 thousand including the the impact of deferred tax (EUR 432 thousand excluding the impact of deferred tax).

Therough out of the year the group performed revaltuation of a newly connected power plants in Romania amounted to EUR 8,351 thousand (EUR 7,041 thousand excluding the impact of deferred tax).

At the end of 2023 the management made a strategic decision to return to feedin-tariffs in the Czech Republic and Hungary, to mitigate the risk of expected low energy prices and its potential impact on the Group's profitability. The guanteed price in Hungary has got material impact (EUR 5,983 thousands) on the valuation of Hungarin power plan portfolio, which has been revalued as of 31.12.2023.

In 2023 the Group did not capitalize any borrowing cost (2022: EUR 0 thousand) into Property, plant and equipment.

Assets pledged

As at 31 December 2023 the following properties with a carrying amount of EUR thousand (2022: EUR thousand) are subject to a registered pledges to secure bank loans (see note 32). All other restrictions and pledges, including information on restricted cash accounts are included in notes 28 and 42.

- Property, plant and equipment – Land in an amount of EUR 603 thousand (2022: EUR 611 thousand) pledged to UniCredit Bank Czech Republic and Slovakia a.s., EUR 1,260 thousand (2022: EUR 1,094 thousand) to K&H Bank and EUR 292 thousand (2022: 352 EUR) to CIB Bank.
- Property, plant and equipment – Photovoltaic power plants in an amount of EUR 47,147 thousand (2022: EUR 54,202 thousand) pledged to UniCredit Bank Czech Republic and Slovakia a.s., EUR 39,259 thousand (2022: EUR 23,540 thousand) pledged to K&H Bank Hungary and EUR 16,495 thousand (2022: EUR 15,216 thousand) pledged to CIB Bank. Property, plant and equipment – Photovoltaic power plants in an amount of EUR 14,020 thousand (2022: EUR 15,638 thousand) were pledged in Australia. Property, plant and equipment – Photovoltaic power plants in an amount of EUR 31,648 thousand were pledged in Romania.

Property, plant and equipment under construction

Property, plant and equipment under construction equaled to the amount of EUR 21,466 thousand (2022: 28,108 EUR thousand) comprising mainly of power plants under construction in Romania (2022: Hungary and Romania).

Sale of property, plant and equipment

There were no sales of property, plant and equipment in 2023 nor 2022.

20. Right-of-use Assets and Lease Liabilities

The Group leases land, offices and vehicles. Rental contracts are typically made for fixed periods of 36 months to 15 years.

In thousands of EUR	Land	Buildings	Vehicles	Total
Carrying amount as at 1 January 2022	**1,281**	**857**	**0**	**2,138**
Additions	576	1,120	205	1,901
Depreciation charge	-128	-515	0	-643
Effect of translation to presentation currency	51	1	0	52
Carrying amount as at 31 December 2022	**1,780**	**1,463**	**205**	**3,448**
Additions	191	2,288	296	2,775
Depreciation charge	-130	-840	-146	-1,116
Disposals	0	0	-57	-57
Effect of translation to presentation currency	14	-118	44	-60
Carrying amount as at 31 December 2023	**1,855**	**2,793**	**342**	**4,990**

The Group recognised lease liabilities as follows:

In thousands of EUR	31 December 2023	31 December 2022
Short-term lease liabilities	943	712
Long-term lease liabilities	4,181	2,914
	5,124	**3,626**

Interest expense included in financial expenses of 2023 was EUR 179 thousand (2022: EUR 139 thousand).

The value of short-term leases and leases of low-value assets in 2022 equalled to EUR 24 thousand (2022: EUR 253 thousand) and it is included in other expenses.

Total cash outflow for leases in 2023 was EUR 1,177 thousand (2022: EUR 807 thousand).

21. Goodwill

Goodwill in the preliminary purchase price allocation in the amount of EUR 15,446 thousand is result of the business acquisition. The integration of Lerta into Photon Energy Group represents the fusion of physical and digital energy to create a customer-centric renewable energy utility that will be uniquely positioned to effectively address the pain points of energy generators, energy users and transmission system operators. Energy generators will be able to benefit from an integrated approach to asset operation and management as well as cost-efficient market access, including balancing services. Energy users will be able to manage and optimise their costs from a combination of on-site generation and off-site supply. This will include the benefit of energy storage and the monetisation of their demand flexibility. Transmission systems operators will be provided with flexible supply, DSR and ancillary services to the power grid.

The impact on Photon Energy Group's strategic and operational priorities following the Transaction will include:

- Capacity building and product development for the efficient delivery of a 'one-stop shop' offering that combines assets, services and IT solutions to establish Photon Energy Group as the preferred partner for commercial and industrial customers in the CEE region and Australia on their journey from passive energy users to proactive energy flexumers.
- A significant acceleration in the deployment of utility-scale and on-site energy storage capacities both as an EPC supplier as well as an investor, leveraging the Group's experience in Australia such as the Lord Howe Island hybrid - energy system and the planned utility-scale hybrid plant in Boggabri, New South Wales.

Close monitoring of the emergence of markets for grid flexibility and other ancillary services worldwide and evaluation of opportunities as they emerge, which may lead to relatively low-risk and low-cost market entries into new locations currently not served by the Company.

In thousands of EUR	**Goodwill**	**Total**
Carrying amount as at 1 January 2022	**0**	**0**
Additions/transfers	0	0
Acquisition of subsidiary	15,466	15,466
Amortisation charge	0	0
Effect of movements in exchange rates	0	0
Carrying amount as at 31 December 2022	**15,466**	**15,466**
Effect of the PPA adjutment	-194	-194
Carrying amount as at 31 December 2022 restated	**15,272**	**15,272**
Additions/transfers	0	0
Acquisition of subsidiary	0	0
Amortisation charge	0	0
Effect of movements in exchange rates	0	0
Carrying amount as at 31 December 2022 restated	**15,272**	**15,272**
Cost	15,272	15,272
Accumulated amortisation	0	0
Effect of movements in exchange rates	0	0

Preliminary valuation

For the purpose of the preliminary valuation of the Lerta S.A. Group and subsequent calculation of the goodwill, the Board of Directors used the Discounted Cash Flow Method (the "Method") based on a 5-year business plan of Lerta, i.e. for years 2023-2027 and assuming going concern basis after the forecasting period. The valuation date was 31 December 2022.

As at 31 December 2022 Photon gained full control effectively (described in detail in chapter 8). The acquisition accounting was prepared on a provisional basis. During preparation of these consolidated financial statements the Group completed the acquisition accounting as allowed by IFRS 3 and therefore revised comparative financial information including value of Goodwill (described in detail in note 2.5).

Goodwill assignment

After acquisition all Lerta entities have become part of the operational segment "New Energy". The segment has its own operational management and with other companies included within this segment, all Lerta entities are managed, financed and operated uniformly and equally. All Lerta entities are interlinked in its operating activities, especially related to the sharing capacities of individual departments, mainly those related to back office and ITS services and cash management.

The whole operating concept of the „New Energy" segment is to build, operate and maintain „virtual power plant". Basically, it means combining electricity and capacity trading together with other services to provide customers and providers of capacities entire portfolio of services.

Except for the working capital, the assets of „New Energy" segment consist primarily from software, which is used for trading activities and data collection related to them. The software is developed and owned basically by one single entity (PE Systems). Developed and maintained trading SW platforms are interconnected and thus help in generating cash flows from all the businesses mentioned above. This individual specific platform would hardly generate independent cash flows without using other software owned and used.

Currently the electricity trading and capacity trading is or will be done in the same states and markets to follow the concept of virtual powerplant as was mentioned above.

In consequence, all Lerta entities are considered as one cash generating unit to which the goodwill mentioned above is assigned.

Goodwill impairment test

The total value of Lerta Group as calculated based on the Discounted cash flow (DCF) valuation method is PLN 170 million (EUR 39,141 thousand). The value of equity, goodwill and intangible assets recognized uplo acquisition amount to PLN 91 million (EUR 20,981 thousand) representing in a 46% discount towards the enterprise value and 33% discount towards equity value in used based on the DCF valuation method. The recoverable amount of goodwill is significantly higher than the carrying amount and there was no indication for impairment identified.

For the purpose of the valuation of the Lerta S.A. Group (in the structure as of 31.12.2022; the date of taking over control of Lerta Group) and subsequent calculation of the goodwill, the Board of Directors used the Discounted Cash Flow Method (the "Method") based on a 2024 forecast and business plan of Lerta for years 2025-2027 and assuming going concern basis after the forecasting period. The valuation date is 31 December 2023. The terminal value is calculated on the assumption that the terminal free cash flow will continue to increase at 2% p.a. Such a terminal growth rate is determined by the current economic environment of inflation rates in the region of Central and Eastern Europe.

The following key assumptions were used for the business plan of Lerta: Revenues were planned by service provided whereas for the trading business the Company assumed external trading sales of 225 MW in 2025 growing to 1800 MW in 2027. For the trading business a gross profit margin of 2.3% in 2024 increasing to 3.1% in 2027 was considered.

Except from 2024, when we the Group forecasting EBITDA margin about 8,9 %, the margin expected should range between 3,6% to 4,4% during the planning horizon.

For the dynamically growing demand response services growth rates of 183% in 2024 decreasing to 65% in 2027 were assumed. For these services, a gross profit margin of 29% was considered.

Operating expenses consists of mainly remuneration expenses, external services such as legal, consulting, accounting and other IT and administrative expenses and are expected to increase by 214 % in 2024 and 65% afterwards in line with the growing business.

The discount rate used to discount free cash flows amounted to 15,6 % and was calculated using the weighted average cost of capital, using the government bonds yield in local currency in Poland and the adequate risk factors (5,25% Equity Risk Premium) for equity discount rate and selected 20Y interest rate swap rate raised about the credit margin and adjusted by local income tax.

Sensitivities in DCF

Sensitivity tests were performed to asses the impact of changes in some key assumptions like the discount rate and the change of the growth rate of the terminal value (TV).

The below analysis shows impact of change in the used Discount rates by +/-3% on the enterprise value in absolute and relative figures as of 31.12.2023:

In thousands of EUR	**Discount rate +3%**	**Discount rate +3% in %**	**Discount rate -3%**	**Discount rate -3% in %**
Lerta Valuation	-7,933	-20%	12,487	32%

The below analysis shows impact of change in growth rate of the terminal value by +/-3% on the enterprise value in absolute and relative figures as of 31.12.2023:

In thousands of EUR	**Terminal value rate +3%**	**Terminal value rate +3% in %**	**Terminal value rate -3%**	**Terminal value rate -3% in %**
Lerta Valuation	10,797	28%	-6,895	-18%

Carrying value was calculated as a "value in use" based on the DCF model and key assumptions described above.

22. Intangible Assets

In thousands of EUR	Intangible assets in course of development	Software	Capacity market contracts	Total
Carrying amount as at 31 December 2021	**159**	**685**	**0**	**844**
Additions/transfers	0	356	0	356
Acquisition of subsidiary	353	317	6,047	6,717
Amortisation charge	0	-479	0	-479
Effect of movements in exchange rates	0	21	0	41
Carrying amount as at 31 December 2022	**512**	**900**	**6,047**	**7,459**
Cost	512	2,517	6,047	9,076
Accumulated amortisation	0	-1,658	0	-1,658
Effect of movements in exchange rates	0	41	0	41
Carrying amount as at 31 December 2022	**512**	**900**	**6,047**	**7,459**
Effect of the PPA adjutment		671	-589	82
Carrying amount as at 31 December 2022 restated	**512**	**1,571**	**5,458**	**7,541**
Additions/transfers	1,135	1,366	0	2,501
Acquisition of subsidiary	0	0	0	0
Amortisation charge	0	-508	-1,325	-1,833
Effect of movements in exchange rates	49	-135	-61	-147
Carrying amount as at 31 December 2023	**1,696**	**2,294**	**4,072**	**8,062**
Cost	1,696	4,595	5,458	11,749
Accumulated amortisation	0	-2,166	-1,325	-3,491
Effect of movements in exchange rates	0	-135	-61	-196
Carrying amount as at 31 December 2023	**1,696**	**2,294**	**4,072**	**8,062**

Intangible assets in course of development of EUR 1,696 thousand at 31 December 2023 represents software internally developed by Lerta for their internal purposes. Also the carrying amount of Software is mainly represet by the internally developed systems developed by Lerta.

Capacity market contracts in the amount of EUR 4072 thousand represent activated intangibles acquired together with acquisition of Lerta described in note 8 Business combination and activated based on the DCF model.

23. Other Financial Investments

Other non-current investments include following investments:

In thousands of EUR	2023	2022
Other financial investments		
Other financial assets at FVTPL	5,922	1,698
Other financial assets at FVOCI	11,099	6,118
Total non-current financial assets	**17,021**	**7,816**

The table below discloses investments in equity securities at 31 December 2023 by measurement categories and classes:

In thousands of EUR	Other financial assets at FVTPL	Other financial assets at FVOCI	Total
Other financial investments			
Corporate shares	0	11,099	11,099
Convertible note	1,332	0	1,332
Share options	4,590	0	4,590
Total Other financial investments at 31 December 2022	**5,922**	**11,099**	**17,021**

The gain from the financial assets recognized in FVTPL (RayGen share option and convertible note) has been classified on the separate financial statement line Gain on investment revaluation. As of the 31 December 2023 the gain was amounted to EUR 2,902 thousand (2022: 0 EUR).

Both share options and convertible note relate to RayGen Resources Pty Ltd. The group provided funding to RayGen Resources Ltd in form of convertible note in notional amount of EUR 1,115 thousand. Note is convertible into shares upon qualifying equity financing round at RayGen. Number of conversion shares is determined based on defined price per share. Revaluation gain from convertible note recorded in profit and loss amounted to EUR 218 thousand). Maturity date of convertible note is 24 months from issue date of the first notes.

The table below discloses investments in equity securities at 31 December 2022 by measurement categories and classes:

In thousands of EUR	Other financial assets at FVTPL	Other financial assets at FVOCI	Total
Other financial investments			
Corporate shares	-	6,118	6,118
Share options	1,698	-	1,698
Shares not yet registered	-	-	-
Total Other financial investments at 31 December 2022	**1,698**	**6,118**	**7,816**

(a) Other financial assets at FVOCI – Corporate shares

At 31 December 2023, the Group designated investments disclosed in the following table as equity securities at FVOCI. The FVOCI designation was made because the investments are expected to be held for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

In thousands of EUR	Fair value at 31 December 2023	Dividend income recognised for the year
Other financial assets at FVOCI		
Investment in RayGen Resources Pty Ltd ordinary shares	6,934	0
Investment in RayGen Resources Pty Ltd preference shares	3,527	0
Investment in ValueTech Fund shares	637	0
Total Other financial assets at FVOCI	**11,099**	**0**

At 31 December 2022, the Group designated investments disclosed in the following table as equity securities at FVOCI. The FVOCI designation was made because the investments are expected to be held for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

In thousands of EUR	Fair value at 31 December 2022	Dividend income recognised for the year
Other financial assets at FVOCI		
Investment in RayGen Resources Pty Ltd ordinary shares	3,534	0
Investment in RayGen Resources Pty Ltd preference shares	1,979	0
Investment in ValueTech Fund shares	605	0
Shares not yet registered (Lerta SA)	0	0
Total Other financial assets at FVOCI	**6,118**	**0**

At 31 December 2023 securities at FVOCI include equity securities which are not publicly traded. Due to the nature of the local financial markets, it is not possible to obtain current market value for these investments. For these investments, fair value is estimated by reference to subscription value of additional shares placed. Refer to note 38.

Reconciliation of movements in Other financial assets at FVOCI follows:

In thousands of EUR	Valuetech	Investment in RayGen Resources Pty Ltd	Investment in Lerta SA	Total
Other financial assets at FVOCI as at 1 January 2022	**0**	**5,355**	**3,139**	**8,494**
Revaluation recognised in OCI	605	0	0	605
Fx impact	0	158	63	221
Derecognition (result of business combination/acquiring a control over Lerta)	0	0	-3,202	-3,202
Other financial assets at FVOCI as at 31 December 2022	**605**	**5,513**	**0**	**6,118**
Revaluation recognised in OCI	-16	5,271	**0**	5,255
Fx impact	48	-322	0	-274
Derecognition (change of consolidation method)	0	0	0	0
Other financial assets at FVOCI as at 31 December 2023	**637**	**10,462**	**0**	**11,099**

At the year-end 2023, the Group has revalued its share in the Valuetech fund based on the equity value of the participations in the Valuetech books by EUR 31 thousand presented in OCI.

In 2023, the revaluation of investment in RayGen was performed and EUR 4,949 thousand was booked in OCI and EUR 4,224 thousands was booked in PL.

24. Deferred Tax Assets and Liabilities

Movement in temporary differences during the year:

In thousands of EUR	Balance as at 1 January 2022	Recognized in profit or loss	Recognized in OCI of which Fx translation	Recognized in OCI of which DT from revaluation	Balance as at 31 December 2022	Restatement	Balance as at 31 December 2023 restated	Recognized in profit or loss	Recognized in OCI of which Fx translation	Recognized in OCI of which DT from revaluation	Balance as at 31 December 2023
Accumulated tax losses carried forward	0	95	0	0	95	0	95	0	0	0	95
Internal margins eliminated	0	1,506	0	0	1,506	0	1,506	1,256	-79	0	2,683
Total recognised deferred tax asset	**0**	**1,601**	**0**	**0**	**1,601**	0	**1,601**	**1,256**	**-79**	**0**	**2,778**
Internal margins eliminated	0	69	0	0	69	0	69	52	0	0	121
Accumulated tax losses carried forward	371	-188	0	0	183	0	183	203	0	0	386
Revaluation reserve – Derivatives	-211	0	0	-251	-462	0	-462	0	0	-168	-630
Intangible assets	0	0	0	-1,149	-1,149	112	-1,037	263	0	151	-623
Property, plant and equipment	-10,359	793	-156	-44	-9,766	0	-9,766	1,047	-367	-1,238	-10,324
Net deferred tax asset/(liability)	**-10,199**	**2,275**	**-156**	**-1,444**	**-9,524**	**112**	**-9,412**	**2,821**	**-446**	**-1,255**	**-8,292**
Recognised deferred tax asset	**0**	**1,601**	**0**	**0**	**1,601**	**0**	**1,601**	**1,256**	**-79**	**0**	**2,778**
Recognised deferred tax liability	**-10,199**	**674**	**-156**	**-1,444**	**-11,125**	**112**	**-11,013**	**1,565**	**-367**	**-1,255**	**-11,070**

Recognised deferred tax liability is arising mainly from revaluation of property, plant and equipment. Deferred tax liability is initially recognised against equity (revaluation reserve) upon revaluation of PPE (see also 5.1 and 17). Corresponding release of recognised deferred tax liability is recognised in OCI and subsequently recycled to retained earnings.

Majority of deferred tax balances are expected to be recovered or settled after more than 12 months after the reporting period and therefore the whole deferred tax liability is presented as Non Current Liability.

In 2023 the Group reassessed the probability of generation of sufficient taxable profits prior to their expiry and recognised deferred tax assets of EUR 0 thousand arising from part of the tax losses carried forward that are expected to be utilised. Recognised deferred tax asset relates mainly to tax losses to be utilised in Czech Republic, Hungary and Germany. Deferred tax liability relates to temporary differences in PPE mainly in Czech Republic, Slovakia and Hungary. Additionally, the Group recognised also deferred tax asset from internal margins eliminated of EUR 1,256 thousand.

In 2023, deferred tax asset from internal margins eliminated was created in the amount of EUR 2,804 thousand. This deferred tax asset relates to the intercompany eliminations of margin from construction of the powerplants for the group entities. On the consolidated level, this margin is eliminated, but it is taxable on the local level and the temporary difference thus creates a deferred tax asset.

In addition to recognised deferred tax liability, the Group also has unrecognised deferred tax assets mainly attributable to following:

In thousands of EUR	Note	2023	2022
Unrecognised deferred tax asset resulting from:			
Provisions and other temporary differences		373	0
Accumulated tax losses		23,835	4,469
Unrecognised deferred tax asset		**24,231**	**4,469**

No deferred tax assets arising from these temporary differences has been recognized in the financial statements as it is either not probable that sufficient taxable profits will be generated prior to the expiry of unused tax losses or as the Group is not able to reliably assess the amounts and timing of future taxable profits.

The potential deferred tax assets have been calculated using the tax rates valid in individual countries where accumulated tax losses arise (Czech Republic, Slovakia, Germany, Netherlands, Switzerland, Australia, Romania and Hungary).

As of 31 December 2023 the Group has unused tax losses carry forward of EUR 23,838 thousand for which no deferred tax assets have been recognised. Out of these tax losses, EUR 3,209 thousand expire in 2024, EUR 18,259 thousand expire in the period 2025-2027, EUR 2,390 thousand expire in the period 2027-2031 and EUR 0 thousand have an unlimited expiry date.

Unrecognised deferred tax asset from provisions equaled to EUR 373 thousand.

As of 31 December 2022 the Group had unused tax losses carry forward of EUR 21,858 thousand for which no deferred tax assets have been recognised. Out of these tax losses, EUR 1,369 thousand were to expire in 2022, EUR 9,465 thousand in the period 2023-2025, EUR 10,000 thousand in the period 2027-2031 and EUR 1,024 thousand had an unlimited expiry date.

25. Inventories

In thousands of EUR	2023	2022
Goods	12,966	18,190
Spare parts	1,127	2,138
Inventories	**14,093**	**20,328**

Goods consist mainly of photovoltaic panels, inverters, batteries and other system components for photovoltaic power plants.

The cost of inventories recognized as an expense in Raw materials and consumables used during the year in respect of continuing operations amounted to EUR 33,577 thousand (31 December 2022: EUR 43,929 thousand).

Amount of EUR 132 thousand of goods represents goods in transit based on Incoterms.

In 2023, allowance for inventories amounted to EUR 340 thousand (31 December 2022: EUR 0 thousand).

26. Trade and Other Receivables, Loans to Related Parties

Trade and other receivables

In thousands of EUR	Note	2023	2022
Trade receivables (gross)		6,170	10,671
Other than trade receivables		3,221	1,420
Loans provided to related parties	40	2,815	2,447
Fair value of derivatives	36	2,012	5,087
Less credit loss allowance		-1,300	-1,047
Advances paid (deposits) – current and non current		0	1,322
Total financial assets with trade and other receivables		**12,918**	**19,900**
Advances paid – current and non current		2,851	5,165
VAT receivables		6,567	2,455
Total non-financial assets with trade and other receivables		**9,418**	**7,620**
Total trade and other receivables, loans to related parties		**22,336**	**27,520**

Trade receivables of EUR thousand less credit loss allowance of EUR 6,170 thousand (2022: EUR 10,671 thousand) include mainly current and overdue receivables from sale of electricity, O&M services and sales of technologies. Other than trade receivables include mainly other receivables from reinvoicing, loans provide to non-related parties and other receivables in total amount of EUR 3,221 thousand (2022: EUR 1,420 thousand).

Current and non-current advances paid of EUR 2,851 thousand (2022: EUR 6,487 thousand) include mainly advances paid for purchase of technology.

There are no advances paid for auctions as at 31 December 2023 (2022: EUR 1,322 thousand).

Remaining portion of advances presented separately in amount of EUR 534 thousand includes paid non-current advances related to Resolar provision of EUR 534 thousand (2022: EUR 542 thousand) which will be settled upon liquidation of panels in accordance with requirement of EU and Czech regulation in 2030, see also note 33, and other current advance for goods and services of EUR 2,851 thousand (2022: 4,623 thousand).

Fair value of derivatives of EUR 2,012 thousand is presented as long-term receivable as the derivatives are related to the long-term financing.

Receivables of EUR 2 thousand were written off during 2023 (2022: EUR 1 thousand which were not provided for).

Other receivables as per financial statements include the advances, VAT receivables and other than trade receivables from the table above (total EUR 12,641 thousand). Increase in VAT receivable is caused by the administrative procedures in Romania, when VAT can be refund after long period of time.

Loans provided to related parties represent mainly loans provided to Solar Age Investments B.V. and other related parties that are not eliminated in the consolidation of PENV. For more information on related party transactions, see also note 40.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables, and receivables from related parties. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of customers/counterparty over a period of 36 month before each balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The credit loss allowance for trade receivables and other receivables is determined according to provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due, adjusted for forward looking information.

The credit loss allowance for Loans provided to related parties is determined according to internal analysis of recoverability of Loans provided to related parties, based on this analysis no ECL provisions were created as at 31 December 2023 and 31 December 2022.

In thousands of EUR	31 December 2023				31 December 2022			
	Loss rate	**Gross**	**Lifetime ECL**	**Net**	**Loss rate**	**Gross**	**Lifetime ECL**	**Net**
Trade receivables								
Current	0.10%	2,982	-3	2,979	0.15%	6,182	-9	6,172
Less than 30 days overdue	0.50%	485	-2	483	0.15%	3,007	-5	3,002
30 to 90 days overdue	1.50%	370	-6	364	0.20%	367	-1	366
90 to 360 days overdue	2.00%	581	-12	569	1%	85	-1	84
Over 360 days overdue	100.00%	272	-272	0	100%	379	-379	0
Specific allowance	85.00%	1,170	-1,005	165	100%	653	-653	0
Total for trade receivables		**5,860**	**-1,300**	**4,560**		**10,672**	**-1,047**	**9,624**
Other receivables	0.10%	310	0	310	0.05%	1,962	0	1,962
Total		**6,170**	**-1,300**	**4,870**			**1,047**	

Specific ECL for receivables overdue for more than 360 days as at 31 December 2023 was based on present value of future cash flow of related receivables. Specific allowance was created for the customers Nubland Nexus and Alpha Solar Systems (2022: EkoFachowcy Sp.z.o.o.) because of its filing for insolvency (see also Note 16).

The following table explains the changes in the credit loss allowance for trade receivables under simplified ECL model between the beginning and the end of the annual period:

In thousands of EUR	**2023**	**2022**
Allowance for credit losses on trade and other receivables as at 1 January	**1,047**	**391**
New originated	517	684
Released due to write off	-2	-1
Changes in estimates and assumptions	-153	0
Total credit loss allowanceexchange in profit or loss for the period	**1,409**	**1,074**
Foreign exchange movements	-109	-27
Allowance for credit losses on trade and other receivables as at 31 December	**1,300**	**1,047**

27. Assets and Liabilities Arising from Contracts with Customers

The Group has recognised following assets and liabilities arising from contracts with customers:

In thousands of EUR	**2023**	**2022**
Current contract assets from contracts with customers	855	1,154
Loss allowance	0	0
Total current contract assets	**855**	**1,154**
Contract liabilities – advances from customers	662	592
Total current contract liabilities	**662**	**592**

Contract assets represents un-invoiced part of recognised revenue based on progress towards complete satisfaction. Invoiced amount of contract assets is reclassified to trade receivable upon its invoicing.

At 31 December 2023 the most significant part of the contract asset was represented by several Polish projects in amount of EUR 360 thousand (2022: North East Water project of EUR 897 thousand).

Contract liabilities represent mostly advances received from customers which are due within one year and relate to the short-term projects. Based on this condition, the Group utilized practical expedience in accordance with IFRS 15:121 (a) in preparation of the financial statements.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days outstanding as unbilled.

The contract assets relate to unbilled work in progress and have substantially similar risk characteristics as the trade receivables for the same types of contracts.

The expected loss rates are based on the past data collected over a period of 36 month (2022: 36 months) prior to the end of the reporting period and the corresponding historical losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and the unemployment rate of the countries in which it sells its goods and services to be the most relevant indicators, and accordingly adjusts the historical loss rates based on expected changes in these variables.

The credit loss allowance for contract assets as at 31 December 2023 is determined according to provision matrix presented in the table below.

In thousands of EUR	31 December 2023				31 December 2022			
	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value
Contract assets								
Outstanding as unbilled for less than 90 days	0.03%	855	0	855	0.05%	1,154	0	1,154
Total	**0.03%**	**855**	**0**	**855**	**0.05%**	**1,154**	**0**	**1,154**

28. Liquid Assets

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and at banks. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows

In thousands of EUR	2023	2022
Cash and cash equivalents	5,838	11,271
Cash with restriction on disposition	7,140	6,373
Precious metals	0	3,714
Liquid assets*	**12,978**	**21,358**

**Liquide assets represt the alternative performance measure described in note 4.19*

Cash with restriction on disposition includes mainly DSRA (debt service reserve accounts) and MRA (maintenance reserve accounts) for Czech, Slovak, Hungarian, Romanian and Australian SPVs (2022: without Czech SPVs) and guarantees issued.

Part of the movement on Cash with restriction on disposition related to operating activities of the Group in 2023 in amount of EUR 0 thousand (2022: EUR 30 thousand) was presented as Change in trade and other receivables. Movement in Cash with restriction on disposition relating to borrowings of EUR -767 thousand (2022: EUR -2,785 thousand) was presented in Cash flows from financing activities.

29. Assets Held for Sale

Assets held for sale include the project Domanowo that will be most probably sold to third party during the H1 2024. This consists of projects rights to the project under development and work in progress related to the project.Company has decided to sell it as there is no interest to develop and finalize the project internally anymore.

There are also another projects open for potential sale, however, with no specific offer as of the year-end 2023 and therefore not disclosed as assets held for sale.

In thousands of EUR	2023	2022
Asset held for sale	659	0
Liquid assets	**659**	**0**

30. Capital and Reserves

Share capital and share premium

Ordinary shares

In shares	2023	2022
On issue at 1 January	60,000,000	60,000,000
On issue at 31 December – fully paid	61,238,521	60,000,000

The Company's issued share capital is EUR 612,238 divided into 61,238,521 shares with a nominal value of EUR 0.01 each. The share capital is fully paid-up. Please refer also to Chapter 31, weighted average number of ordinary shares section.

Ordinary shares

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company.

Treasury shares

At 31 December 2023 treasury shares included 1,481,781 ordinary shares of the Company (2022: 1,332,797 ordinary shares) owned directly by the Company. These ordinary shares carry no voting rights at the Shareholders Meeting.

Share premium represents the excess of contributions received over the nominal value of shares issued. Proceeds from allocation of treasury shares to employees in excess to nominal value of shares are also recorded in Share premium. Nominal value of sold treasury shares is recorded against Treasury shares reserve.

Share buy back programme

As fo 16 December 2022 the Board of Directors signed a resolution to commence a share buy back programme starting on 19 December 2022 and lasting for 6 month i.e. until 19 June 2023 but no longer than until the funds allocated by the Company for this purpose are exhausted.

During year 2023 i.e. between 2 January 2023 and 7 June 2023, the Company purchased 223,753 shares (0.37% of share capital) for the total amount of 2,864,683.79 zl (EUR 630,709) and at the average price of 12.80 zl (EUR 2.8).

During year 2022, the Company purchased 26,247 shares (0.04% of share capital) for the total amount of 339,369.96 zl (EUR 72,643) and at the average price of 12.93 zl (EUR 2.77).

Movement in share capital can be analysed as follow:

In thousands of EUR	Ordinary shares	Share premium	Treasury shares	Total
At 1 January 2022	**600**	**31,443**	**-38**	**32,005**
Treasury shares allocated to employees	0	151	-78	73
Other movement	0	149	0	149
Acquisition of subsidiary (note 9)	0	8,781	-23	8,758
Treasury shares allocated to qualified investors	0	0	0	0
At 31 December 2022	**600**	**40,524**	**-139**	**40,985**
Treasury shares allocated to employees	0	175	-175	0
Other movement	0	0	-513	-513
Acquisition of subsidiary (note 9)	12	-12	0	0
Treasury shares allocated to qualified investors	0	0	0	0
At 31 December 2023	**612**	**40,687**	**-827**	**40,472**

As of 31 December 2023 the shareholder structure was as follows:

Shareholder	No. of shares	% of capital	No. of votes at Shareholders Meeting	% of votes at Shareholders Meeting
Solar Future Cooperatief U.A.	21,769,075	35.55%	21,769,075	36.44%
Solar Power to the People Cooperatief U.A.	20,057,485	32.75%	20,057,485	33.57%
Tomala Investments ASI Sp. z o.o.	2,288,537	3.74%	2,288,537	3.83%
Photon Energy N.V.	1,491,781	2.44%	0	0.00%
Free float	15,631,643	25.52%	15,631,643	26.16%
Total	**61,238,521**	***100.00%***	**59,746,740**	***100.00%***

As of 31 December 2022 the shareholder structure was as follows:

Shareholder	No. of shares	% of capital	No. of votes at Shareholders Meeting	% of votes at Shareholders Meeting
Solar Future Cooperatief U.A.	21,775,075	36.29%	21,775,075	37.12%
Solar Power to the People Cooperatief U.A.	20,492,057	34.15%	20,492,057	34.93%
Photon Energy N.V.	1,332,797	2.22%	0	0.00%
Free float	16,400,071	27.33%	16,400,071	27.95%
Total	**60,000,000**	***100.00%***	**58,667,203**	***100.00%***

Mr. Michael Gartner and Mr. Georg Hotar are the only members of the Company’s Board of Directors.

Mr. Michael Gartner indirectly owns 37.12 % of the votes, via Solar Future Cooperative U.A. and directly 0.04% of votes at the Shareholders Meeting. Mr. Georg Hotar indirectly owns 34.93 % of votes, via Solar Power to the People Coöperatief U.A. and directly 0.13% of votes at the Shareholders Meeting.

The Free float includes shares allocated to the employee share purchase programme and also shares allocated as purchase price for acquisition of subsidiary as described in Note 8. The disposition rights to these shares are limited and employees can dispose of these shares only under specific conditions.

The other reserves relate to the legal reserve; the revaluation of property, plant and equipment – photovoltaic power plants the hedging reserve and the currency translation reserve. Refer below.

In thousands of EUR	2023	2022
Legal reserve fund	13	13
Revaluation reserve	55,668	38,326
Currency translation reserve	1,933	2,363
Hedging reserve	359	4,355
Other capital funds	38	38
Total reserves	**58,011**	**45,095**

Legal reserve fund

The Legal reserve fund is a reserve fund previously required by the Czech commercial law and Slovak commercial law. It has been created from the prior years’ profit of the Czech and Slovak entities based on the approval of the general meeting.

The statutory reserve fund amounts to EUR 13 thousand at 31 December 2023 (2022: EUR 13 thousand).

Revaluation reserve

In thousands of EUR	Revaluation reserve – PPE	Revaluation reserve – Other financial investments	Revaluation reserve total
Balance as at 1 January 2022	**37,594**	**2,657**	**40,251**
Increase of revaluation reserve (note 19)	432	605	1,038
Increase of revaluation reserve – deferred tax recognised	0	0	0
Share on increase on revaluation of properties – JV	0	0	0
Move from revaluation reserve to retained earnings	-2,963	0	-2,963
Other movements	1	0	1
Balance as at 31 December 2022	**35,064**	**3,262**	**38,327**
Increase of revaluation reserve (note 19)	14,461	5,255	19,716
Increase of revaluation reserve – deferred tax recognised	0	0	0
Share on increase on revaluation of properties – JV	0	0	0
Move from revaluation reserve to retained earnings	-2,375	0	-2,375
Other movements	0	0	0
Balance as at 31 December 2023	**47,150**	**8,517**	**55,668**

The revaluation reserve arises on the revaluation of photovoltaic power plants (PVP).

In 2023, 6 Romanian projects have been activated with the total other comprehensive income booked EUR 14,113 thousand. Additionally to this, the Group has recognized and revalued other financial investment in RayGen and Valuetech by EUR 5,255 thousand.

Additionally, Hungarian portfolio has been revalued by approx 6 mio EUR due to change from the merchant scheme to Feed in Tariff starting in April 2024.

In 2022, Facankert project has been activated with the total other comprehensive income booked in the amount of EUR 432 thousand. Additionally to this, the Group has recognized and revalued other financial investments in Valuetech fund with a total increase in value of EUR 605 thousand.

The revaluation reserve is being released to the retained earnings during the duration of Feed-in-Tariff-currently 25 years in the Czech Republic, 25 years in Slovakia (increased to 25 years as of 2022, before 15 years) and up to 25 years in Hungary and up to 30 years in Australia.

The amount equal to the amount of depreciation coming from revaluation recycled to retained earnings in 2022 equals to EUR 2,319 thousand (2022: EUR 2,626 thousand).

The revaluation reserve as such cannot be distributed only the amounts released to retained earnings can be distributed to the shareholder.

Foreign currency translation reserve

In thousands of EUR	2023	2022
Balance at beginning of year	2,363	2,021
Foreign currency differences arising from the translation of financial statements and foreign exchange gains or losses arising from net investments	-430	342
Balance at end of year	**1,933**	**2,363**

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of operations using different currency from Euro. It relates to Czech Republic, Hungary, Switzerland, Romania and Australia.

In accordance with accounting policies are foreign exchange gains or losses arising from net investments in foreign operations also recognized in other comprehensive income.

This reserve cannot be distributed.

Derivatives hedging reserve

In thousands of EUR	2023	2022
Balance at beginning of year	4,355	2,039
Change in fair value of hedging derivatives – fully consolidated entities (note 36)	-3,996	2,310
Share on change in fair value of hedging derivatives of JV	0	5
Balance at end of year	**359**	**4,355**

Derivatives hedging reserve cannot be distributed.

Other capital funds

In line with the acquisition of treasury shares free of charge in 2013 the Company recognised Other capital funds of EUR 100 thousand. Nominal value of sold treasury shares is recorded against Other capital funds.

Dividends

There were no dividends declared and paid by the Company in 2023 and 2022.

31. Earnings Per Share

In EUR	2023	2022
Basic earnings per share	-0.2642	0.111
Diluted earnings per share	-0.2642	0.111
Total comprehensive income per share		
Basic TCI per share*	-0.0077	0.175
Diluted TCI per share	-0.0077	0.175

** Total comprehensive income per share represts the alternative performance measure described in note 4.19*

Basic and diluted earnings per share

The calculation of basic earnings per share at 31 December 2023 was based on the profit attributable to ordinary shareholders of EUR -15,750 thousand (2022: EUR 6,262 thousand) and a weighted average number of ordinary shares outstanding of 59,608 thousand (2022: 56,608 thousand).

Share on profit of equity-accounted investees amounted to EUR 217 thousand (2022: EUR 127 thousand).

Basic and diluted total comprehensive income per share

The calculation of total comprehensive earnings per share and diluted total comprehensive earnings per share at 31 December 2023 and 2022 was based on the total comprehensive income of EUR -459 thousand (2022: EUR 9,957 thousand) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding of 59,608 thousand (2022: of 56,608 thousand).

Weighted average number of ordinary shares

In 2023, 1,238,521 new shares issued were issued (zero in 2022). The number of shares at the year-end 2023 equaled to 61,238,521 and in 2022,it was 60,000,000.

32. Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

In thousands of EUR	2023	2022
Non-current liabilities		
Issued bonds	78,539	76,511
Long-term secured bank loans	82,073	58,446
Long term lease liability	4,181	2,914
Long-term portion of other loans	208	230
Total	**165,001**	**138,101**
Current liabilities		
Issued bonds	529	3,670
Current portion of long-term secured bank loans, including accrued interest	12,878	7,259
Short-term lease liability	943	712
Total	**14,350**	**11,641**
Total loans & borrowings	**179,351**	**149,742**

Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

In thousands of EUR	Borrowings	Issued bonds	Lease liabilities	Other liabilities from financing activities	Total
Liabilities from financing activities at 1 January 2022	**45,460**	**81,330**	**2,273**	**373**	**129,436**
Cash flows					
Loan drawdowns / New issues of bonds	29,086	22,500	0	0	51,586
Placement costs paid	0	-331	0	0	-331
Repayments of principal	-6,649	-23,719	-668	-102	-31,138
Interest payments	-2,244	-5,898	-139	0	-8,281
Capitalized interest					
Non-cash changes					
Interest expense, including capitalized interest	2,710	6,213	139	0	9,062
New leasing contracts	0	0	1,901	0	1,901
Foreign exchange adjustments	-2,658	86	120	-41	-2,493
Liabilities from financing activities at 31 December 2022	**65,705**	**80,181**	**3,626**	**230**	**149,742**
Cash flows					
Loan drawdowns / New issues of bond	38,710	2,500	0	0	41,210
Placement costs paid	0	-75	0	0	-75
Repayments of principal	-8,550	-3,146	-1,177	-22	-12,895
Repurchase of bond	0	-615	0	0	-615
Interest payments	-5,874	-5,352	-208	0	-11,434
Non-cash changes					
Interest expense, including capitalized interest	5,739	5,608	208	0	11,556
New leasing contracts	0	0	2,775	0	2,775
Foreign exchange adjustments	605	-33	-100	0	472
Liabilities from financing activities at 31 December 2023	**94,951**	**79,068**	**5,124**	**208**	**179,351**

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In thousands of EUR

Portfolio	Bank	Currency	Nominal interest rate	Year of maturity	31 December 2023		31 December 2022	
					Credit limit	Utilised	Credit limit	Utilised
Czech	Secured bank loan (Unicredit)	CZK	3M PRIBOR + 1.9%	31.12.2029	18,241	18,241	18,701	18,701
Czech	Secured bank loan (Unicredit)	EUR	3M EURIBOR + 2.35%	31.12.2025	6,133	6,133	9,017	9,017
Slovak	Secured bank loan (Unicredit)	EUR	3M EURIBOR + 1.55%	30.6.2025 – 30.9.2027	6,407	6,407	3,763	3,763
Hungary	Secured bank loan (K&H)	HUF	3M BUBOR + 2.2–2.5%	28.6.2034 31.3.2035	11,852	11,852	11,779	11,779
Hungary	Secured bank loan (K&H)	EUR	3M EURIBOR + 2.5-2.8%	28.6.2034	7,587	7,587	7,882	7,882
Hungary	Secured bank loan (K&H)	EUR	3M EURIBOR + 3.3%	30.09.2044	6,000	3,500	-	-
Hungary	Secured bank loan (CIB)	HUF	3M BUBOR + 2.5%	31.12.2035	4,645	4,645	5,386	5,386
Hungary	Secured bank loan (CIB)	EUR	3M EURIBOR + 2.75%	30.6.2032	3,837	3,837	4,384	4,384
Australia	Secured bank loan (Infradebt)	AUD	3M BBSW (min 0,5%) +2,35-3,25%	31.12.2025	3,611	3,611	4,295	4,295
Romania	Secured bank loan	EUR	3M EURIBOR+3.95%	31.3.2028	21,900	19,545	-	-
Romania	Revolving credit (RB)	EUR	6M EURIBOR + 4.25%	30.06.2029	5,000	5,000	-	-
Poland	Bank loan (ING)	PLN	3M WIBOR + 4%	30.11.2025	92	61	-	-
Poland	Bank loan (ING)	PLN	3M WIBOR + 4%	28.02.2030	92	72	-	-
Czech	Overdraft account	EUR	1W EURIBOR + 1,9%*	n/a	5,000	4,968	-	-
	Accrued fees and interest				-	(508)	-	498
	Total interest bearing loans				**100,397**	**94,951**	**65,207**	**65,705**

* *can be used in CZK and USD as well with relevant rate (*1W PRIBOR + 1,90% or SOFR + 1,90%)

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are disclosed in note 37.

All secured bank loans are pledged by SPVs' assets of power plants including real estate if any and technology receivables generated by power plants. In case of secured bank loans all power plants are cross-collateralized within the financing banks, see also note 19.

In March 2023, The Group has closed a non-recourse project refinancing agreement in the amount of EUR 21.9 million with Austrian Raiffeisen Bank International (RBI) for its portfolio of PV power plants in Romania with a total installed capacity of 31.5 MWp.

Compliance with Covenants

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default.

The Group was substantially in compliance with all financial covenants set by the lenders as of 31 December 2023 except for debt service cover ratio with one of the lenders in Hungary. This does not represent an event of default under the borrowings or permit the lender to immediately recall borrowings but may require remediating actions in the form of mandatory prepayment (cash sweep) as of 31 December 2022.

Issued bonds

In thousands of EUR	Amortised amount		Fair value	
	2023	**2022**	**2023**	**2022**
Current liabilities				
CZK bond 2016/23	0	3,146	0	3,127
Green bond 2021/27	529	524	528	0
Non-current liabilities				
Green bond 2021/27	78,539	76,511	79,743	70,284
Total	**79,068**	**80,181**	**80,271**	**73,411**

In November 2021, the Group has issued an EUR green bond with annual coupon of 6.50% and maturity in November 2027 (six-year maturity). The EUR green bond 2021/27 was offered to bondholders of the existing 2017/2022 EUR bond in form of an exchange offer and as a result, EUR 21,281 thousand were exchanged. The principal amount of EUR 50,000 thousand was oversubscribed and the overall volume of the new green bond was increased to EUR 55,000 thousand. Total amount of placement costs paid for the issuance/exchange of the Green bond amounted to EUR 1,202 thousand. Exchange bonus paid to existing bondholder of EUR 420 thousand was recognised in Gains less losses on derecognition of financial liabilities while the remaining amount of EUR 782 thousand is included in the amortised amount of the Issued bonds and will be recognised as interest expense from Issued bonds using effective interest rate.

The EUR green bonds 2021/27 are traded on the unregulated market segments of the Stock Exchanges in Frankfurt, Berlin, Hamburg, Hannover, Munich, Düsseldorf and Stuttgart. The net proceeds of the transaction are allowed to be used only for financing and expanding eligible assets in accordance with its Green Financing Framework.

In May 2022, the Company tapped its EUR green bond 2021/27 in the amount of EUR 10,000 thousand to a total outstanding amount of EUR 65 million. In October 2022 and November 2022, the Company tapped the bond in the amount of another EUR 12,500 thousand to a total outstanding amount of EUR 77,500 thousand.

The bonds from the second tap in autumn, were also offered to bondholders of the existing 2017/2022 corporate bonds in form of an exchange offer with a 1.5% loyalty premium plus the difference in net accrued interest on each exchanged bond. After the exchange the outstanding volume of the corporate EUR bond 2017/22 was EUR 15.232 million and was fully repaid together with the final interest payment to the bondholders on 27 October 2022. Total amount of placement costs paid for the tapping/exchange of the Green bond amounted to EUR 451 thousand. Exchange bonus paid to existing bondholder of EUR 114 thousand was recognised in Gains less losses on derecognition of financial liabilities while the remaining amount of EUR 337 thousand is included in the amortised amount of the Issued bonds and will be recognised as interest expense from Issued bonds using effective interest rate.

In q1 2023, another EUR 2,500 thousand was tapped and outstanding balance of EUR bonds reached EUR 80,000 thousand. In September and October 2023, Company rebought from market bond in nominal value of EUR 615 thousand.

CZK bond 2016/23 issued in October 2016 has an annual coupon of 6%, with an outstanding nominal amount of EUR 3,146 thousand as of 31 December 2022 (2021: EUR 3,052 thousand) which was repaid in December 2023. CZK bonds 2016/23 were traded on the unregulated market segment of the Prague Stock Exchange.

Accrued interest of EUR 529 thousand at 31 December 2023 for EUR Green bond (2022: EUR 524 thousand) is presented within current liabilities.

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 7,69% (applicable credit spread) + risk free rate for relevant currency (2022: 6,78%) and are within level 2 of the fair value hierarchy.

Other long-term financing

Other long-term financing of EUR 208 thousand (2022: EUR 230 thousand) that includes mainly consumer loans received for car financing and other long-term liabilities.

33. Provisions

Movements in provisions for liabilities and charges are as follows:

In thousands of EUR	2023	2022
Carrying amount as at 1 January	**566**	**545**
Foreign exchange impact	-11	21
Carrying amount as at 31 December	**555**	**566**

Provision for liabilities and charges includes provision for ecological liquidation and recycling of solar panels created in accordance with European directive and Czech legislation. For all solar panels purchased before 2013, all responsibilities connected to recycling of solar panels are with the PVP operators. In accordance with the legislation, the Group paid contribution to the selected provider responsible for liquidation of solar panels of EUR 555 thousand (2022: EUR 566 thousand), paid contributions are presented as non-current advances paid in Other receivables – non-current, see note 26. There are no similar obligations connected to the liquidation of solar panels in Slovakia, Hungary nor Australia.

34. Trade and Other Payables

In thousands of EUR	Note	2023	2022
Trade payables		9,308	11,988
Other payables		1,192	4,349
Total financial liabilities with trade and other payables		**10,500**	**16,337**
Payables to employees		1,886	1,292
Other liabilities		2,174	969
Total non-financial liabilities with trade and other payables		**4,060**	**2,261**
Total trade and other payables		**14,560**	**18,598**

Trade payables of EUR 9,308 thousand (2022: EUR 11,988 thousand) include mainly regular trade payables and payables for supply of goods and services to the Group.

Other payables of EUR 1,192 thousand include accrued liabilities mainly related to the delivery of goods in transit. Non-financial other liabilities include mostly advances received and employees related accruals.

35. Current Income Tax Receivables / Current Tax Liability

Current income tax receivable of EUR 2,759 thousand (2022: payable EUR 2,708 thousand) represent tax liability for profitable entities (mainly SK, CZ, HU SPVs and few operating Romanian and Hungarian entities decreased by tax advances for income tax paid mainly in Hungary, Czech Republic, Romania and Slovakia.

36. Derivative Financial Instruments

In thousands of EUR	31 December 2023		31 December 2022	
	Contracts with positive fair value	**Contracts with negative fair value**	**Contracts with positive fair value**	**Contracts with negative fair value**
Interest rate swaps, fair values, at the end of reporting period				
Trading derivatives	0	-59	217	0
Hedging derivatives	2,009	-1,663	4,981	-106
Value of interest rate swaps	**2,009**	**-1,722**	**5,198**	**-106**
Net value of interest rate swaps	**287**		**5,092**	
Other Derivative Financial Instruments				
FX options	3	0	0	0
Shares options (note 23)	4,590	0	1,699	0
Net Value of Other Derivative Financial Instruments	**4,880**		**6,791**	

Interest rate swaps are derivative financial instruments entered into by the Group are generally concluded with financing banks on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

In accordance with accounting policies described in note 4.3.3, changes in fair value of derivatives for which no hedge accounting is in place are recognized in profit and loss, changes in fair value of hedging derivatives are recognized in other comprehensive income.

The Company determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of the qualitative characteristics of these items. The company considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Company evaluates whether both hedging instrument and hedged items are concluded in the same currency and, therefore, are subject to the same risk, whether the nominal amount of the hedging instrument and hedged items are identical and whether the maturity dates are identical.

37. Financial Risk Management

The major financial risks faced by the Company are those related to credit exposures, exchange rate and interest rate. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. These risks are managed in the following manner.

37.1 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below shows liabilities at 31 December 2023 and 31 December 2022 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. Financial derivatives are settled on net basis. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

Group does not disclose concentration risk as a specific risk, as there is a high number of bank accounts used within various banks in several European countries, therefore this kind of risk is considered as not relevant for the Group. Derivatives presented in the table below are settled net (assets and liabilities).

31 December 2023

In thousands of EUR	Carrying amount	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years	Contractual cash flows
Financial liabilities						0
Secured bank loans	94,952	15,357	17,685	53,742	34,610	121,395
Derivatives	-290	-1,294	-1,076	-2,204	-384	-4,958
Bonds	79,068	5,160	5,160	89,724	0	100,044
Lease liability	5,124	1,142	1,024	2,058	1,887	6,111
Other L-T loans	208	0	208	0	0	208
Trade and other payables	12,454	12,454	0	0	0	12,454
Total future payments, including future principal and interest payments	**191,515**	**32,819**	**23,001**	**143,320**	**36,113**	**235,253**

31 December 2022

In thousands of EUR	Carrying amount	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years	Contractual cash flows
Financial liabilities						
Secured bank loans	65,705	12,789	12,157	37,027	39,987	101,960
Derivatives	-5,092	-2,394	-2,380	-5,592	-1,850	-12,216
Bonds	80,181	8,341	5,038	92,613	0	105,991
Lease liability	3,626	865	731	1,236	1,912	4,744
Other L-T loans	230	0	230	0	0	230
Trade and other payables	16,337	16,337	0	0	0	16,337
Total future payments, including future principal and interest payments	**160,987**	**35,938**	**15,776**	**125,284**	**40,049**	**217,046**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

37.2 Credit Risk

Exposure to Credit Risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Group.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position.

Credit risk in respect of cash balances held with banks and deposits with banks are managed via diversifications of bank deposits and only with the major reputable financial institutions with rating by S&P between A- and BBB+.

IFRS 9 allows entities to apply a 'simplified approach' for trade receivables and contract assets. The simplified approach allows entities to recognise lifetime expected losses on all these assets without the need to identify significant increases in credit risk.

For trade and other receivables, receivables from related and contract assets that do not contain a significant financing component, the Group recognises a lifetime expected loss allowance.

The Group applies a provision matrix that applies the relevant loss rates to the trade receivable balances. See also note 26 for more.

37.3 Interest Rate Risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The table below summarises the Group's exposure to Interest rate risks. The table presents the aggregated amounts of the Group's monetary financial assets and liabilities (out of the equity investments) at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates. In respect of interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and also due date of loans based on the valid repayment schedules.

In thousands of EUR	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Not specified**	**Total**
31 December 2023						
Total financial assets	21,069	2,815	0	2,012	0	25,897
Total financial liabilities	10,500	94,952	0	80,998	5,124	191,575
Net interest sensitivity gap at 31 December 2023	**10,569**	**-92,136**	**0**	**-78,986**	**5,124**	**-165,677**
31 December 2022						
Total financial assets	35,390	0	0	5,868	0	41,258
Total financial liabilities	16,344	65,737	3,184	77,188	3,626	166,079
Net interest sensitivity gap at 31 December 2022	**19,046**	**-65,737**	**-3,184**	**-71,320**	**4,190**	**-124,821**

Actual interest expense related to bank loans and borrowings incurred by the Company in 2023 was EUR 5,649 thousand (2022: EUR 2,706 thousand) related to the loans drawn in the amount of EUR 94,952 thousand (31 December 2022: EUR 65,705 thousand). Information on variable interest rates for all bank loans received is included in note 32.

At 31 December 2023, if interest rates at that date had been basis points 100 lower (2022: 100 basis points lower) with all other variables held constant, profit for the year would have been EUR 950 thousand (2022: EUR 657 thousand) higher, mainly as a result of lower interest expense on variable interest liabilities. The impact into actual result (and subsequently into retained earnings) in equity would be EUR 950 thousand (2022: EUR 657 thousand) higher.

If interest rates had been basis points 100 higher (2022: 100 basis points higher), with all other variables held constant, profit would have been EUR 950 thousand (2022: EUR 657 thousand) lower, mainly as a result of higher interest expense on variable interest liabilities. The impact into actual result (and subsequently into retained earnings) in equity would be EUR 950 thousand (2022: EUR 657 thousand) lower.

Bonds issued bear fixed interest rate risk and therefore are not subject to interest rate risk.

37.4 Currency Risk

The Company's functional currency of its major subsidiaries is EUR, CZK, AUD, RON and HUF. Foreign exchange risk is associated with sales and purchases of goods and services and loans received denominated in local currencies.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

In thousands of EUR	**At 31 December 2023**				**At 31 December 2022**			
	Monetary financial assets	**Monetary financial liabilities**	**Derivatives**	**Net position**	**Monetary financial assets**	**Monetary financial liabilities**	**Derivatives**	**Net position**
EUR	7 882	-141 495	-159	-133 772	2,449	-108,506	-106	-106,164
CZK	5 596	-20 627	-1 201	-16 231	3,480	-24,647	66	-21,101
HUF	5 785	-18 397	2 009	-10 603	14,388	-20,418	5,126	-904
AUD	1 699	-5 057	0	-3 358	11,411	-7,063	0	4,348
CHF	261	-170	0	91	21	0	0	21
PLN	1 189	-944	0	245	3,393	-2,723	0	670
RON	1 461	-3 160	-359	-2 058	719	-2,723	0	-2,004
Other	12	-2	0	10	313	0	0	313
Total	**23 885**	**-189 852**	**290**	**-165 677**	**36,174**	**-166,081**	**5,086**	**-124,821**

Derivatives presented above are monetary financial assets or monetary financial liabilities, but are presented separately in order to show the Group's gross exposure. The Group has only interest rate derivatives, there are no FX derivatives.

The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant:

In thousands of EUR	At 31 December 2023		At 31 December 2022	
	Impact on profit or loss	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
CZK strengthening by 10% (2022: strengthening by 10%)	11,107	-120	1,924	-6
HUF strengthening by 10% (2022: strengthening by 10%).	-2,428	201	548	-466
AUD strengthening by 10% (2022: strengthening by 10%)	3,985	0	-395	0
PLN strengthening by 10% (2022: strengthening by 10%)	165	0	-61	0
RON strengthening by 10% (2022: strengthening by 10%)	1,528	-36	182	0
Total	**14,358**	**45**	**2,198**	**-472**

38. Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- **Level 1** are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
- **Level 2** measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
- **Level 3** measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorized financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as follows. For the other financial assets/financial liabilities, the fair value approximates the carrying amount.

38.1 Recurring Fair Value Measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorized are as follows:

In thousands of EUR	2023				2022			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Precious metals	0	0	0	0	3,714	0	0	3,714
Derivatives	0	2,012	0	2,012	0	5,087	0	5,087
Other financial investments	0	0	17,021	17,021	0	0	7,816	7,816
Non financial assets								
Property, plant and equipment	0	0	149,093	149,093	0	0	115,921	115,921
Total assets recurring FV measurement at 31 December	**0**	**2,012**	**166,114**	**168,126**	**3,714**	**5,087**	**123,737**	**132,538**
Financial liabilities								
Derivatives	0	1,722	0	1,722	0	0	0	0
Total assets recurring FV measurement at 31 December	**0**	**1,722**	**0**	1,722	**0**	**0**	**0**	**0**

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows:

31 December 2023:

In thousands of EUR	Fair value	Valuation technique	Inputs used	Range of inputs	Reasonable change	Sensitivity of FV measurement
Non financial assets						
Property, plant and equipment	149,093	DCF	note 5.1	See below	See below	See below
Other financial investments	17,021	MtM	note 5.3	See below	See below	See below
Total assets recurring FV measurement at 31 December	**166,114**					

31 December 2022:

In thousands of EUR	Fair value	Valuation technique	Inputs used	Range of inputs	Reasonable change	Sensitivity of FV measurement
Non financial assets						
Property, plant and equipment	115,921	DCF	note 5.1	See below	See below	See below
Other financial investments	7,816	MtM	note 5.3	See below	See below	See below
Total assets recurring FV measurement at 31 December	**123,737**					

The DCF Equity valuation method is based on a Discounted Cash Flow method. It includes the future cash flows available to the shareholders/providers of equity of photovoltaic projects (i.e. after all debt repayments and interests) that are later discounted by WACC (Weighted Average Cost of Capital). The risk profile is represented by a discount rate (Weighted Average Cost of Capital).

In the valuation model, a quarterly discount is applied. This is based on the fact that debt repayments are happening on quarterly basis. This is effecting the overall change in financing structure and indirectly affecting WACC.

The used Weighted Average Cost of Capital rates to discount estimated cash flows, vary between countries from 5%-13% for 2023 (2022: 9% to 26%).

Other financial investments are stated at its fair value based on valuation models prepared by management. Other financial investments include primarily ordinary, preference shares, related share options held and convertible notes (see also note 23). The Group has used Mark to Market valuation method (hereinafter referred to as "MtM"). The principal assumptions used for valuation in addition to the market price of the shares (based on the latest round of the share subscription), are probability of the realisation of the share options granted and discount rate reflecting required return on investment on this type of the Group's investments.

Sensitivity analysis of DCF for power plants – change in WACC

The below analysis shows impact of change in the used WACC rates by +/-3% on the enterprise/entity value in absolute and relative figures as of 31.12.2023:

In thousands of EUR	Discount rate +3%	Discount rate +3% in %	Discount rate -3%	Discount rate -3% in %
HU power plants	-5,601	-10.2%	8,169	14.8%
CZ power plants	-1,956	-4.9%	2,421	6.0%
SK power plants	-336	-3.8%	413	4.6%
AU power plants	-1,837	-14.6%	2,799	22.3%
RO power plants	-3,592	-11.3%	6,169	19.4%

The below analysis shows impact of change in the used WACC rates by +/-3% on the enterprise/entity value in absolute and relative figures as of 31.12.2022:

In thousands of EUR	Discount rate 3%	Discount rate +3% in %	Discount rate -3%	Discount rate -3% in %
HU power plants	-3,221	-6.4%	5,240	10.5%
CZ power plants	-5,789	-12.1%	7,109	14.9%
SK power plants	-1,591	-10.7%	2,022	13.6%
AU power plants	-3,109	-19.9%	5,226	33.5%

Sensitivity analysis of DCF for power plants – change in production output

The below analysis shows impact of change in production output by +/-2% on the enterprise/entity value in absolute and relative figures as of 31.12.2023:

In thousands of EUR	Production +2%	Production +2% in %	Production -2%	Production -2% in %
HU power plants	-112	-0.2%	-2,081	-3.8%
CZ power plants	750	1.9%	-750	-1.9%
SK power plants	196	2.2%	-197	-2.2%
AU power plants	239	1.9%	-239	-1.9%
RO power plants	598	1.9%	-598	-1.9%

The below analysis shows impact of change in production output by +/-2% on the enterprise/entity value in absolute and relative figures as of 31.12.2022:

In thousands of EUR	Production +2%	Production +2% in %	Production -2%	Production -2% in %
HU power plants	745	1.5%	-748	-1.5%
CZ power plants	809	1.8%	-808	-1.8%
SK power plants	196	2.3%	-196	-2.3%
AU power plants	308	2.0%	-308	-2.0%

Sensitivity analysis of DCF for power plants – change in electricity and LGC prices

The below analysis shows impact of change in electricity prices by +/-10% on the enterprise/entity value for selected power plants in absolute and relative figures as of 31.12.2023:

In thousands of EUR	Electricity prices +10%	Electricity prices +10% in %	Electricity prices -10%	Electricity prices -10% in %
HU power plants	1,456	2.6%	-1,468	-2.7%
AU power plants–- prices	999	7.9%	-1,002	-8.0%
AU power plants–- LGCs	261	2.1%	-248	-2.0%
RO power plants	3,320	10.4%	-3,331	-10.5%

The below analysis shows impact of change in electricity prices by +/-10% on the enterprise/entity value for selected power plants in absolute and relative figures as of 31.12.2022:

In thousands of EUR	**Electricity prices +10%**	**Electricity prices +10% in %**	**Electricity prices -10%**	**Electricity prices -10% in %**
HU power plants–- FIT	19	1.6%	-19	-1.6%
HU power plants–- Merchant	2,845	6.5%	-2,768	-6.3%
\AU power plants–- prices	944	6.3%	-944	-6.3%
AU power plants–- LGCs	228	1.5%	-228	-1.5%

Sensitivity analysis of MtM of other financial investments – changes in significant estimates

The below analysis shows impact of change in significant estimates on the MtM value in absolute and relative figures as of 31.12.2023:

In thousands of EUR	**Market price of the share +10%**	**Market price of the share +10% in %**	**Market price of the share -10%**	**Market price of the share -10% in %**
Investment in RayGen Resources Pty Ltd	1,769	10.8%	-1,769	-10.8%

In thousands of EUR	**Discount rate + 3%**	**Discount rate +3% in %**	**Discount rate -3% in %**	**Discount rate -3% in %**
Investment in RayGen Resources Pty Ltd	-434	-2.7%	459	2.8%

In thousands of EUR	**Probability +10%**	**Probability +10% in %**	**Probability -10%**	**Probability -10% in %**
Investment in RayGen Resources Pty ltd	688	4.2%	-688	-4.2%

There is not real exposure for the actual price risk in case of RayGen valuation, as the price per share was decided and determined by the current shareholders for the new round of the financing and issuing the new shares and it does not represent the volatile market price.

The below analysis shows impact of change in significant estimates on the MtM value in absolute and relative figures as of 31.12.2022:

In thousands of EUR	**Market price of the share +10%**	**Market price of the share +10% in %**	**Market price of the share -10%**	**Market price of the share -10% in %**
Investment in Lerta SA				
Investment in RayGen Resources Pty Ltd	548	7.6%	-548	-7.6%

In thousands of EUR	**Discount rate + 3%**	**Discount rate +3% in %**	**Discount rate -3% in %**	**Discount rate -3% in %**
Investment in RayGen Resources Pty Ltd	-66	-0.9%	71	1.0%

In thousands of EUR	**Probability +10%**	**Probability +10% in %**	**Probability -10%**	**Probability -10% in %**
Investment in RayGen Resources Pty ltd	255	3.6%	-255	-3.6%

38.2 Assets and Liabilities Not Measured at Fair Value but for Which Fair Value is Disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

In thousands of EUR	2023				2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at amortised costs								
Trade and other receivables	0	8,091	0	8,091	0	12,366	0	12,366
Loans provided	0	2,815	0	2,815	0	2,447	0	2,447
Other	0	19,033	0	17,311	0	17,644	0	17,644
Total assets	**0**	**29,939**	**0**	**28,218**	**0**	**32,457**	**0**	**32,457**

Financial liabilities								
Borrowings								
Bank loan	0	94,952	0	94,952	0	65,705	0	65,705
Issued bonds	0	76,995	0	76,995	0	73,411	0	73,411
Lease liabilities	0	5,124	0	5,124	0	3,626	0	3,626
Other non-current liabilities	0	208	0	208	0	230	0	230
Other financial liabilities								
Trade and other payables	0	12,222	0	12,454	0	16,337	0	16,337
Total liabilities	**0**	**189,501**	**0**	**189,732**	**0**	**159,309**	**0**	**159,309**

All financial assets and financial liabilities have been defined to Level 2.

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique.

Financial Assets Carried at Amortised Cost

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities Carried at Amortised Cost

The fair value of issued bonds is based on quoted market prices. Fair values of other liabilities were determined using valuation techniques.

39. Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 Financial Instruments classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (d) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition. In addition, finance lease receivables form a separate category.

The following table provides a reconciliation of financial assets with these measurements:

31 December 2023:

In thousands of EUR	FVOCI	FVPL	AC	Total
Assets				
Cash and cash equivalents	0	0	5,838	5,838
Liquid assets with restriction on disposition	0	0	7,140	7,140
Precious metals	0	0	0	0
Other financial assets	11,099	5,922	0	17,021
Trade and other receivables	290	0	16,685	16,975
Loans provided	0	0	2,815	2,815
Total financial assets	**11,389**	**5,922**	**32,479**	**49,790**

As of 31 December 2023, all of the Group's financial liabilities were carried at amortised costs.

31 December 2022:

In thousands of EUR	FVOCI	FVPL	AC	Total
Assets				
Cash and cash equivalents	0	0	11,271	11,271
Liquid assets with restriction on disposition	0	0	6,373	6,373
Precious metals	0	3,714	0	3,714
Other financial assets	6,118	1,698	0	7,816
Trade and other receivables	4,875	217	12,366	17,458
Loans provided	0	0	2,447	2,447
Total financial assets	**10,993**	**5,629**	**32,457**	**49,079**

As of 31 December 2022, all of the Group's financial liabilities were carried at amortised costs.

40. Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Balances and transactions between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The Company is jointly controlled by Mr. Michael Gartner (via Solar Future Coöperatief U.A.) and Mr. Georg Hotar (via Solar Power to the People Coöperatief U.A.), who are the Company's directors.

At 31 December 2023, the outstanding balances with related parties were as follows:

In thousands of EUR	Note	Parent companies	Joint ventures	Key management personnel
Gross amount of trade receivables	26	-	64	-
Loans issued	26	1,993	-	822
Investments in JV	9	-	1,823	-

Loans issued to related parties include loans to Solar Age Investments B.V. and Solar Power to the People U.A. which are short term for a period of up to 12 month and bear interest rate of 3%.

At 31 December 2022, the outstanding balances with related parties were as follows:

In thousands of EUR	Note	Parent companies	Joint ventures	Key management personnel
Gross amount of trade receivables	26	-	107	-
Loans issued	26	1,762	-	685
Investments in JV	9	-	1,509	-

Loans issued to related parties include loans to Solar Age Investments B.V. and Solar Power to the People U.A. which are short term for a period of up to 12 month and bear interest rate of 3%.

The income and expense items with related parties for the year ended 31 December 2023 were as follows:

In thousands of EUR	Note	Parent companies	Joint ventures	Key management personnel
Revenue from services rendered		-	116	-
– Interest income	17	300	-	113

The income and expense items with related parties for the year ended 31 December 2022 were as follows:

In thousands of EUR	Note	Parent companies	Joint ventures	Associates	Key management personnel
Revenue from services rendered		-	58	13,904	-
– Interest income	17	95	-	-	-

Key Management Compensation

Key management includes Directors and Senior management. Members of the board of directors did not receive any compensation during 2023 nor 2022 for their duties serving on the board of directors for the Group of entities. Furthermore, no emoluments of managing directors, including pension obligations were charged to the Company. No service contracts with the Company nor any of its Subsidiaries have been provided to a member of the Board of Directors for benefits upon termination of employment. Mr Georg Hotar receives a regular salary as an employee in his function as managing director of Global Investment Protection AG in Switzerland and Mr Gartner receives a regular salary as an employee in his function as managing director of Photon Energy Australia Pty Ltd. in Australia. These compensations are in no direct relation to their Board of Director functions. The overall cost of compensations for the key management from their employment relations with the Company or its subsidiaries amounted to EUR 493 thousand in 2023 (2022: EUR 1,119 thousand). The agreements between the key management with the Company or its Subsidiaries do not foresee any stock option plans, severance payments, company pension plans or other deferred compensation. Termination period of the agreements is up to six months. There are no commitments and contingent obligations towards key management personnel at 31 December 2023 nor 31 December 2023.

41. Group Entities

Subsidiaries and joint ventures

The following entities were in the Group as at 31 December 2023:

	Name	% of share capital held by the holding company	Country of registration	Seat of the company	Consolid. method	Legal Owner
1	Photon Energy N.V. (PENV)	Holding	NL	Amsterdam	Full Cons.	-
2	Photon Energy Operations NL B.V. (former Photon Directors B.V.)	100%	NL	Amsterdam	Full Cons.	PEONV
3	Photon Energy Engineering B.V. (PEEBV)	100%	NL	Amsterdam	Full Cons.	PENV
4	Photon Energy Operations N.V. (PEONV)	100%	NL	Amsterdam	Full Cons.	PENV
5	Photon Remediation Technology N.V.	100%	NL	Amsterdam	Full Cons.	PENV
6	Photon Energy Australia Pty Ltd.	100%	AU	Sydney	Full Cons.	PENV
7	Photon Energy AUS SPV 1 Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
8	Leeton Solar Farm Pty Ltd (former Photon Energy AUS SPV 2 Pty. Ltd.)	100%	AU	Sydney	Full Cons.	PENV
9	Fivebough Solar Farm Pty Ltd. (former Photon Energy AUS SPV 3 Pty. Ltd.)	100%	AU	Sydney	Full Cons.	PENV
10	Photon Energy AUS SPV 4 Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
11	Photon Energy AUS SPV 6 Pty. Ltd.	100%	AU	Sydney	Full	PENV
12	Photon Energy Operations Australia Pty.Ltd.	100%	AU	Sydney	Full Cons.	PEONV
13	Photon Energy Engineering Australia Pty Ltd	100%	AU	Sydney	Full Cons.	PEEBV
14	Photon Remediation Technology Australia Pty Ltd.	100%	AU	Sydney	Full Cons.	PRTNV
15	Photon Energy SGA Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
16	Photon Water Australia Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
17	RayGen Resources Pty. Ltd.	7.49%	AU	Sydney	Equity	PENV
18	Photon New Energy Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
19	Photon Energy AUS SPV 14 Pty Ltd	100%	AU	Sydney	Full Cons.	PENV
20	Global Investment Protection AG	100%	CH	Zug	Full Cons.	PENV
21	Photon Energy Investments AG (PEIAG)	100%	CH	Zug	Full Cons.	PENV
22	KORADOL AG (KOAG)	100%	CH	Zug	Full Cons.	PENV
23	Photon Energy Solutions A.G.	100%	CH	Zug	Full Cons.	PENV
24	Photon Property AG,	100%	CH	Zug	Full Cons.	PENV
25	Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Prague	Full Cons.	PENV
26	Photon Energy Solutions CZ a.s. (former Photon Energy Solutions CZ s.r.o.)	100%	CZ	Prague	Full Cons.	KOAG
27	Photon SPV 11 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
28	Photon Energy Operations CZ s.r.o. (PEOCZ)	100%	CZ	Prague	Full Cons.	PEONV
29	Photon Energy Control s.r.o.	100%	CZ	Prague	Full Cons.	PEOCZ
30	Photon Energy Technology CEE s.r.o.	100%	CZ	Prague	Full Cons.	PEEBV
31	Photon Water Technology s.r.o.	65%	CZ	Prague	Full Cons.	PENV
32	Photon Remediation Technology Europe s.r.o. (former Charles Bridge s.r.o.)	100%	CZ	Prague	Full Cons.	PENV
33	Photon Energy Engineering s.r.o. (former Photon Energy Solutions s.r.o.) (PEECZ)	100%	CZ	Prague	Full Cons.	PENV
34	Photon Energy Projects s.r.o. (PEP)	100%	CZ	Prague	Full Cons.	PENV
35	Photon Energy Cardio s.r.o.	100%	CZ	Prague	Full Cons.	PEOCZ
36	Photon Maintenance s.r.o. (former The Special One s.r.o.)	100%	CZ	Prague	Full Cons.	PENV
37	Exit 90 SPV s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
38	Onyx Energy s. r. o.	100%	CZ	Prague	Full Cons.	KOAG
39	Onyx Energy projekt II s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
40	Photon SPV 3 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
41	Photon SPV 4 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
42	Photon SPV 6 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
43	Photon SPV 8 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
44	Photon SPV 10 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
45	Kaliopé Property, s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
46	PESPV 1 s.r.o.	100%	CZ	Prague	Full Cons.	PESCZ
47	PESPV 2 s.r.o.	100%	CZ	Prague	Full Cons.	PESCZ
48	Photon Energy Solutions s.r.o.	100%	CZ	Prague	Full Cons.	PESCZ
49	Photon Energy Home CZ s.r.o. (previously Lerta Czech Republic s.r.o., PESCZ)	100%	CZ	Prague	Full Cons.	PESCZ

50	Photon Energy Technology EU GmbH	100%	DE	Neuhagen*	Full Cons.	PENV
51	Photon Energy Corporate Services DE GmbH	100%	DE	Neuhagen*	Full Cons.	PENV
52	EcoPlan 2 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
53	EcoPlan 3 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
54	Fotonika s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
55	Photon SK SPV 1 s.r.o.	50%	SK	Bratislava	Equity	PENV
56	Photon SK SPV 2 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
57	Photon SK SPV 3 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
58	Solarpark Myjava s.r.o.	50%	SK	Bratislava	Equity	PENV
59	Solarpark Polianka s.r.o.	50%	SK	Bratislava	Equity	PENV
60	SUN4ENERGY ZVB s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
61	SUN4ENERGY ZVC s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
62	ATS Energy, s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
63	Photon Energy Operations SK s.r.o.	100%	SK	Bratislava	Full Cons.	PEONV
64	Photon Energy HU SPV 1 Kft. b.a	100%	HU	Budapest	Full Cons.	PEIAG
65	Fertod Napenergia-Termelo Kft.	100%	HU	Budapest	Full Cons.	PEIAG
66	Photon Energy Operations HU Kft.	100%	HU	Budapest	Full Cons.	PEONV
67	Photon Energy Engineering HU Kft.	100%	HU	Budapest	Full Cons.	PENV
68	Future Solar Energy Kft	100%	HU	Budapest	Full Cons.	PEIAG
69	Montagem Befektetési Kft.	100%	HU	Budapest	Full Cons.	PEIAG
70	Solarkit Befektetesi Kft.	100%	HU	Budapest	Full Cons.	PEIAG
71	Energy499 Invest Kft.	100%	HU	Budapest	Full Cons.	PEIAG
72	SunCollector Kft.	100%	HU	Budapest	Full Cons.	PEIAG
73	Green-symbol Invest Kft.	100%	HU	Budapest	Full Cons.	PEIAG
74	Ekopanel Befektetési és Szolgaltató Kft.	100%	HU	Budapest	Full Cons.	PEIAG
75	Onyx-sun Kft.	100%	HU	Budapest	Full Cons.	PEIAG
76	Tataimmo Kft	100%	HU	Budapest	Full Cons.	PEIAG
77	Öreghal Kft.	100%	HU	Budapest	Full Cons.	PEIAG
78	European Sport Contact Kft.	100%	HU	Budapest	Full Cons.	PEIAG
79	ALFEMO Alpha Kft.	100%	HU	Budapest	Full Cons.	PEIAG
80	ALFEMO Beta Kft.	100%	HU	Budapest	Full Cons.	PEIAG
81	ALFEMO Gamma Kft.	100%	HU	Budapest	Full Cons.	PEIAG
82	Archway Solar Kft.	100%	HU	Budapest	Full Cons.	PENV
83	Belsize Solar Kft.	100%	HU	Budapest	Full Cons.	PEIAG
84	Blackhorse Solar Kft.	100%	HU	Budapest	Full Cons.	PEIAG
85	Camden Solar Kft	100%	HU	Budapest	Full Cons.	PEIAG
86	Ráció Master Oktatási	100%	HU	Budapest	Full Cons.	PEIAG
87	Aligoté Kereskedelmi és Szolgáltató Kft.	100%	HU	Budapest	Full Cons.	PEIAG
88	MEDIÁTOR PV Plant Kft.	100%	HU	Budapest	Full Cons.	PEIAG
89	PROMA Mátra PV Plant Kft.	100%	HU	Budapest	Full Cons.	PEIAG
90	Optisolar Kft.	100%	HU	Budapest	Full Cons.	PEIAG
91	Ladány Solar Alpha Kft.	100%	HU	Budapest	Full Cons.	PEIAG
92	Ladány Solar Beta Kft.	100%	HU	Budapest	Full Cons.	PEIAG
93	Ladány Solar Gamma Kft.	100%	HU	Budapest	Full Cons.	PEIAG
94	Ladány Solar Delta Kft.	100%	HU	Budapest	Full Cons.	PEIAG
95	ÉGÉSPART Energiatermelő és Szolgáltató Kft	100%	HU	Budapest	Full Cons.	PEIAG
96	ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kf	100%	HU	Budapest	Full Cons.	PEIAG
97	ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft	100%	HU	Budapest	Full Cons.	PEIAG
98	Ventiterra Kft.	100%	HU	Budapest	Full Cons.	PEIAG
99	VENTITERRA ALFA Kft.	100%	HU	Budapest	Full Cons.	PEIAG
100	VENTITERRA BETA Kft.	100%	HU	Budapest	Full Cons.	PEIAG
101	Hendon Solar Kft.	100%	HU	Budapest	Full Cons.	PEIAG
102	Mayfair Solar Kft.	100%	HU	Budapest	Full Cons.	PEIAG
103	Holborn Solar Kft.	100%	HU	Budapest	Full Cons.	PEIAG
104	Lerta Energy HU Kft.	100%	HU	Budapest	Full cons.	Lerta S.A.
105	LERTA Magyarország Kft.	100%	HU	Budapest	Full cons.	Lerta S.A.
106	Photon New Energy Alfa Kft.	100%	HU	Budapest	Full cons.	PESAG
107	Photon New Energy Beta Kft.	100%	HU	Budapest	Full cons.	PESAG
108	Photon New Energy Gamma Kft.	100%	HU	Budapest	Full cons.	PESAG
109	Dartford Solar Kft.	100%	HU	Budapest	Full cons.	PEIAG
110	Rochester Solar Kft.	100%	HU	Budapest	Full cons.	PEIAG
111	Newhamp Solar Kft.	100%	HU	Budapest	Full cons.	PEIAG
112	Brixton Solar Kft.	100%	HU	Budapest	Full cons.	PEIAG
113	Lerta Lithuania UAB	100%	LI	Vilnius	Full cons.	Lerta S.A.
114	Photon Energy Project Development XXK (PEPD)	99%	MN	Ulaanbaatar	Full Cons.	PEP

115	PEPD Solar XXK.	100%	MN	Ulaanbaatar	Full Cons.	PEPD
116	Photon Energy Solutions PL S.A.	100%	PL	Warsaw	Full Cons.	PENV
117	Photon Energy Polska Sp. Z o.o.	100%	PL	Warsaw	Full cons.	PENV
118	Photon Energy Operations PL Sp. z o.o.	100%	PL	Łodz	Full cons.	PEONV
119	Alperton Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
120	Beckton Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
121	Debden Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
122	Chigwell Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
123	Ealing Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
124	Lerta S.A.	100%	PL	Poznań	Full cons.	PENV
125	Lerta Poland Sp. z o.o.	100%	PL	Poznań	Full cons.	Lerta S.A.
126	Photon Energy Trading PL Sp. z o.o. (former Lerta Power Poland Sp. z o.o.)	100%	PL	Poznań	Full cons.	Lerta S.A.
127	Lerta JRM Sp. z o.o.	100%	PL	Poznań	Full cons.	Lerta S.A.
128	Photon Energy Systems Sp. z o.o. (former Lerta Technology Sp. z o.o.)	100%	PL	Poznań	Full cons.	Lerta S.A.
129	Stanford Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
130	Halton Solar Srl.	100%	RO	Bucharest	Full cons.	PEIAG & KOAG
131	Aldgate Solar Srl	100%	RO	Bucharest	Full cons.	PEIAG & KOAG
132	Holloway Solar Srl.	100%	RO	Bucharest	Full cons.	PEIAG & KOAG
133	Moorgate Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
134	Redbridge Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
135	Watford Solar Srl	100%	RO	Bucharest	Full cons.	PEIAG & KOAG
136	Photon Energy Operations Romania Srl.	100%	RO	Bucharest	Full cons.	PEONV &PEO CZ
137	Greenford Solar Srl.	100%	RO	Bucharest	Full cons.	PEIAG & KOAG
138	Chesham Solar Srl.	100%	RO	Bucharest	Full cons.	PEIAG & KOAG
139	Photon Energy Romania Srl.	100%	RO	Bucharest	Full cons.	PENV & PEP
140	Siria Solar SRL	100%	RO	Bucharest	Full Cons.	PEIAG & KOAG
141	Brentford Solar SRL	100%	RO	Bucharest	Full cons.	PEIAG & KOAG
142	Camberwell Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
143	Deptford Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
144	Harlow Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
145	Kenton Solar SRL	100%	RO	Bucharest	Full cons.	PEIAG & KOAG
146	Lancaster Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
147	Perivale Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
148	Romford Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
149	Stratford Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
150	Weston Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
151	Photon Energy Engineering Romania SRL	100%	RO	Bucharest	Full cons.	PENV & PEP
152	Photon Energy Solutions Romania SRL (former Lerta Energy S.r.l.)	100%	RO	Bucharest	Full cons.	Lerta S.A.
153	Faget Solar Three Srl.	100%	RO	Bucharest	Full cons.	PEIAG & KOAG
154	Faget Solar Five SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
155	Giulvaz Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
156	Photon Renewable Energy Pty. Ltd.	100%	SA	West. Cape	Full Cons.	PENV
157	Solar Age SPV 1 Pty. Ltd.	100%	SA	West. Cape	Full Cons.	PENV
158	Photon Energy Engineering NZ Pty. Limited	100%	NZ	Auckland	Full Cons.	PEEBV

* Neuhagen bei Berlin

Notes:

Country of registration:

AU – Australia
CH – Switzerland
CZ – Czech Republic
DE – Germany
HU – Hungary
NL – Netherlands
MN – Mongolia
PL – Poland
PE – Peru
RO – Romania
SK – Slovakia
SA – South Africa
LI - Lithuania

Consolidation method:

Full Cons. – Full Consolidation
Not Cons. – Not Consolidated
Equity – Equity Method

Photon Energy Operations CZ s.r.o. established a branch office in Romania.
PEP & PESCZ – Photon Energy Projects s.r.o. owns 95% and Photon Energy Solution s.r.o. owns 5%

The following entities were in the Group as at 31 December 2022:

	Name	% of share capital held by the holding company	Country of registration	Seat of the company	Consolid. method	Legal Owner
1	Photon Energy N.V. (PENV)	Holding	NL	Amsterdam	Full Cons.	-
2	Photon Energy Operations NL B.V. (PEONL, former Photon Directors B.V.)	100%	NL	Amsterdam	Full Cons.	PEONV
3	Photon Energy Engineering B.V. (PEEBV)	100%	NL	Amsterdam	Full Cons.	PENV
4	Photon Energy Operations N.V. (PEONV)	100%	NL	Amsterdam	Full Cons.	PENV
5	Photon Remediation Technology N.V. (PRTNV)	100%	NL	Amsterdam	Full Cons.	PENV
6	Photon Energy Australia Pty Ltd.	100%	AU	Sydney	Full Cons.	PENV
7	Photon Energy AUS SPV 1 Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
8	Leeton Solar Farm Pty Ltd (former Photon Energy AUS SPV 2 Pty. Ltd.)	100%	AU	Sydney	Full Cons.	PENV
9	Fivebough Solar Farm Pty Ltd. (former Photon Energy AUS SPV 3 Pty. Ltd.)	100%	AU	Sydney	Full Cons.	PENV
10	Photon Energy AUS SPV 4 Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
11	Photon Energy AUS SPV 6 Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
12	Photon Energy Operations Australia Pty.Ltd.	100%	AU	Sydney	Full Cons.	PEONV
13	Photon Energy Engineering Australia Pty Ltd	100%	AU	Sydney	Full Cons.	PEEBV
14	Photon Remediation Technology Australia Pty Ltd.	100%	AU	Sydney	Full Cons.	PRTNV
15	Photon Energy SGA Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
16	Photon Water Australia Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
17	RayGen Resources Pty. Ltd.	7.85%	AU	Sydney	Equity	PENV
18	Photon New Energy Pty. (former Photon Energy AUS SPV 12 Pty. Ltd.)	100%	AU	Sydney	Full Cons.	PENV
19	Global Investment Protection AG (GIP)	100%	CH	Zug	Full Cons.	PENV
20	Photon Energy Investment AG (former ALFEMO AG (ALAG))	100%	CH	Zug	Full Cons.	PENV
21	KORADOL AG (KOAG)	100%	CH	Zug	Full Cons.	PENV
22	Photon Energy Solutions AG	100%	CH	Zug	Full Cons.	PENV
23	Photon Property AG,	100%	CH	Zug	Full Cons.	PENV
24	Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Prague	Full Cons.	PENV
25	Photon Energy Solutions CZ a.s. (former Photon Energy Solutions CZ s.r.o.) (PESCZ)	100%	CZ	Prague	Full Cons.	KOAG
26	Photon SPV 11 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
27	Photon Energy Operations CZ s.r.o. (PEOCZ)1	100%	CZ	Prague	Full Cons.	PEONV
28	Photon Energy Control s.r.o.	100%	CZ	Prague	Full Cons.	PEONV
29	Photon Energy Technology CEE s.r.o.	100%	CZ	Prague	Full Cons.	PEOCZ
30	Photon Water Technology s.r.o.	65%	CZ	Prague	Full Cons.	PEEBV
31	Photon Remediation Technology Europe s.r.o. (former Charles Bridge s.r.o.)	100%	CZ	Prague	Full Cons.	PENV
32	Photon Energy Engineering s.r.o. (former Photon Energy Solutions s.r.o.) (PEECZ)	100%	CZ	Prague	Full Cons.	PENV
33	Photon Energy Projects s.r.o. (PEP)	100%	CZ	Prague	Full Cons.	PENV
34	Photon Energy Cardio s.r.o.	100%	CZ	Prague	Full Cons.	PENV
35	Photon Maintenance s.r.o. (former The Special One s.r.o.)	100%	CZ	Prague	Full Cons.	PEOCZ
36	Exit 90 SPV s.r.o.	100%	CZ	Prague	Full Cons.	PENV
37	Onyx Energy s. r. o.	100%	CZ	Prague	Full Cons.	KOAG
38	Onyx Energy projekt II s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
39	Photon SPV 3 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
40	Photon SPV 4 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
41	Photon SPV 6 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
42	Photon SPV 8 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
43	Photon SPV 10 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
44	Kaliopé Property, s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
45	PESPV 1 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
46	PESPV 2 s.r.o.	100%	CZ	Prague	Full Cons.	PESCZ
47	Photon Energy Solutions s.r.o.	100%	CZ	Prague	Full Cons.	PESCZ
48	Lerta Czech Republic s.r.o.	100%	CZ	Prague	Full Cons.	PESCZ

49	Photon Energy Technology EU GmbH	85.62%	CZ	Prague	Full Cons.	Lerta S.A.
50	Photon Energy Corporate Services DE GmbH	100%	DE	Neuhagen*	Full Cons.	PENV
51	EcoPlan 2 s.r.o.	100%	DE	Neuhagen*	Full Cons.	PENV
52	EcoPlan 3 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
53	Fotonika s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
54	Photon SK SPV 1 s.r.o.	50%	SK	Bratislava	Equity	PENV
55	Photon SK SPV 2 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
56	Photon SK SPV 3 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
57	Solarpark Myjava s.r.o.	50%	SK	Bratislava	Equity	PENV
58	Solarpark Polianka s.r.o.	50%	SK	Bratislava	Equity	PENV
59	SUN4ENERGY ZVB s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
60	SUN4ENERGY ZVC s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
61	ATS Energy, s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
62	Photon Energy Operations SK s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
63	Photon Energy HU SPV 1 Kft. b.a	100%	SK	Bratislava	Full Cons.	PEONV
64	Fertod Napenergia-Termelo Kft.	100%	HU	Budapest	Full Cons.	ALAG
65	Photon Energy Operations HU Kft.	100%	HU	Budapest	Full Cons.	ALAG
66	Photon Energy Engineering HU Kft. (former Photon Energy Solutions HU Kft.)	100%	HU	Budapest	Full Cons.	PEONV
67	Future Solar Energy Kft	100%	HU	Budapest	Full Cons.	PENV
68	Montagem Befektetési Kft.	100%	HU	Budapest	Full Cons.	ALAG
69	Solarkit Befektetesi Kft.	100%	HU	Budapest	Full Cons.	ALAG
70	Energy499 Invest Kft.	100%	HU	Budapest	Full Cons.	ALAG
71	SunCollector Kft.	100%	HU	Budapest	Full Cons.	ALAG
72	Green-symbol Invest Kft.	100%	HU	Budapest	Full Cons.	ALAG
73	Ekopanel Befektetési és Szolgaltató Kft.	100%	HU	Budapest	Full Cons.	ALAG
74	Onyx-sun Kft.	100%	HU	Budapest	Full Cons.	ALAG
75	Tataimmo Kft	100%	HU	Budapest	Full Cons.	ALAG
76	Öreghal Kft.	100%	HU	Budapest	Full Cons.	ALAG
77	European Sport Contact Kft.	100%	HU	Budapest	Full Cons.	ALAG
78	ALFEMO Alpha Kft.	100%	HU	Budapest	Full Cons.	ALAG
79	ALFEMO Beta Kft.	100%	HU	Budapest	Full Cons.	ALAG
80	ALFEMO Gamma Kft.	100%	HU	Budapest	Full Cons.	ALAG
81	Archway Solar Kft.	100%	HU	Budapest	Full Cons.	PENV
82	Barbican Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
83	Belsize Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
84	Blackhorse Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
85	Caledonian Solar Kft	100%	HU	Budapest	Full Cons.	ALAG
86	Camden Solar Kft	100%	HU	Budapest	Full Cons.	ALAG
87	Hampstead Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
88	Ráció Master Oktatási	100%	HU	Budapest	Full Cons.	ALAG
89	Aligoté Kereskedelmi és Szolgáltató Kft.	100%	HU	Budapest	Full Cons.	ALAG
90	MEDIÁTOR PV Plant Kft. (former MEDIÁTOR Ingatlanközvetítő és Hirdető Kft.)	100%	HU	Budapest	Full Cons.	ALAG
91	PROMA Mátra PV Plant Kft. (former PROMA Mátra Ingatlanfejlesztési Kft.)	100%	HU	Budapest	Full Cons.	ALAG
92	Optisolar Kft.	100%	HU	Budapest	Full Cons.	ALAG
93	Ladány Solar Alpha Kft.	100%	HU	Budapest	Full Cons.	ALAG
94	Ladány Solar Beta Kft.	100%	HU	Budapest	Full Cons.	ALAG
95	Ladány Solar Gamma Kft.	100%	HU	Budapest	Full Cons.	ALAG
96	Ladány Solar Delta Kft.	100%	HU	Budapest	Full Cons.	ALAG
97	ÉGÉSPART Energiatermelő és Szolgáltató Kft	100%	HU	Budapest	Full Cons.	ALAG
98	ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kf	100%	HU	Budapest	Full Cons.	ALAG
99	ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft	100%	HU	Budapest	Full Cons.	ALAG
100	Ventiterra Környezetgazdálkodási és Szolgáltató Kft.	100%	HU	Budapest	Full Cons.	ALAG
101	VENTITERRA ALFA Kft.	100%	HU	Budapest	Full Cons.	ALAG
102	VENTITERRA BETA Kft.	100%	HU	Budapest	Full Cons.	ALAG
103	Hendon Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG

104	Mayfair Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
105	Holborn Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
106	Lerta Energy HU Kft.	100%	HU	Budapest	Full cons.	Lerta S.A.
107	LERTA Magyarország Kft.	85.62%	HU	Budapest	Full cons.	Lerta S.A.
108	Lerta Lithuania UAB	85.62%	HU	Budapest	Full cons.	Lerta S.A.
109	Photon Energy Project Development XXK (PEPD)	85.62%	LI	Vilnius	Full Cons.	PEP
110	PEPD Solar XXK.	99%	MN	Ulaanbaatar	Full Cons.	PEPD
111	Photon Energy Solutions PL S.A.(former Solar Age Polska S.A.)	100%	MN	Ulaanbaatar	Full Cons.	PENV
112	Photon Energy Polska Sp. z o.o.	100%	PL	Warsaw	Full cons.	PENV
113	Photon Energy Operations PL Sp. z o.o.	100%	PL	Łodz	Full cons.	PENV
114	Alperton Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PEONV
115	Beckton Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
116	Debden Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
117	Chigwell Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
118	Ealing Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
119	Lerta S.A.	85.62%	PL	Poznań	Full cons.	PENV
120	Lerta Poland Sp. z o.o.	85.62%	PL	Poznań	Full cons.	PENV
121	Lerta Power Poland Sp. z o.o.	85.62%	PL	Poznań	Full cons.	Lerta S.A.
122	Lerta JRM Sp. z o.o.	85.62%	PL	Poznań	Full cons.	Lerta S.A.
123	Lerta Technology Sp. z o.o.	85.62%	PL	Poznań	Full cons.	Lerta S.A.
124	Stanford Solar Srl.	85.62%	PL	Poznań	Full cons.	Lerta S.A.
125	Halton Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
126	Aldgate Solar Srl	100%	RO	Bucharest	Full cons.	PEP & PEECZ
127	Holloway Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
128	Moorgate Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
129	Redbridge Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
130	Watford Solar Srl	100%	RO	Bucharest	Full cons.	PEP & PEECZ
131	Photon Energy Operations Romania Srl. (former Becontree Solar Srl.)	100%	RO	Bucharest	Full cons.	PEP & PEECZ
132	Greenford Solar Srl.	100%	RO	Bucharest	Full cons.	PEONV & PEOCZ
133	Chesham Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
134	Photon Energy Romania Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
135	Siria Solar SRL	100%	RO	Bucharest	Full Cons.	PENV & PEP
136	Brentford Solar SRL	100%	RO	Bucharest	Full cons.	ALAG & KOAG
137	Camberwell Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
138	Deptford Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
139	Harlow Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
140	Kenton Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
141	Lancaster Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
142	Perivale Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
143	Romford Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
144	Stratford Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
145	Weston Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
146	Photon Energy Engineering Romania SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
147	Lerta Energy S.r.l.	100%	RO	Bucharest	Full cons.	PENV & PEP
148	Photon Renewable Energy Pty. Ltd.	85.62%	RO	Bucharest	Full Cons.	Lerta S.A.
149	Solar Age SPV 1 Pty. Ltd.	100%	SA	West. Cape	Full Cons.	PENV

* Neuhagen bei Berlin

Notes:

Country of registration:

AU – Australia
CH – Switzerland
CZ – Czech Republic
DE – Germany
HU – Hungary
NL – Netherlands
MN – Mongolia
PL – Poland
PE – Peru
RO – Romania
SK – Slovakia
SA – South Africa
UK – United Kingdom

Consolidation method:

Full Cons. – Full Consolidation
Not Cons. – Not Consolidated
Equity – Equity Method

Photon Energy Operations CZ s.r.o. established a branch office in Romania.
PEP & PESCZ – Photon Energy Projects s.r.o. owns 95% and Photon Energy Solution s.r.o. owns 5%

Other consolidated entities

	Name	% of Consolidated Share	% of Ownership Share	Country of Registration	Seat of the Company	Legal Owner
1	Kaliope s.r.o.	100%	0%	CZ	Prague	RL
2	Photon SPV 3 s.r.o.	100%	0%	CZ	Prague	RL
3	Photon SPV 8 s.r.o.	100%	0%	CZ	Prague	RL
4	Exit 90 SPV s.r.o.	100%	0%	CZ	Prague	RL
5	Photon SPV 4 s.r.o.	100%	0%	CZ	Prague	RL
6	Photon SPV 6 s.r.o.	100%	0%	CZ	Prague	RL
7	Onyx Energy s.r.o.	100%	0%	CZ	Prague	RL
8	Onyx Energy projekt II s.r.o.	100%	0%	CZ	Prague	RL
9	Photon SPV 10 s.r.o.	100%	0%	CZ	Prague	RL

100% share in the above entities was owned by Raiffeisen – Leasing s.r.o. ("RL"). Although those companies were legally owned by RL, the Group consolidated them under IFRS rules since Photon Energy N.V. was considered as the beneficial owner as it was owner of economic benefits and was directly exposed to economic risks of those companies in 2021 (see also note 2.4.1). In 2022, those entities were transferred to the full ownership of the Group.

42. Contingent Assets and Liabilities, Commitments

Legal Proceedings

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

Assets Pledged and Restricted

At 31 December 2023 and 2022 the Group has the assets pledged as collateral and included in note 19. Additionally to those assets listed in note 19, shares in Czech SPVs are pledged as security to the financing bank.

Guarantees

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. The parent company has issued guarantees in total amount of EUR 68,914 thousand (2022: EUR 41,106 thousand) to subsidiaries creditors. Most of the new guarantees in 2023 were issued in connection with the capacity guarantees for the capacity market in Poland and for building of the new powerplants in Romania (specifically used only on applications for Set-Up Licenses ANRE). Bank accounts restricted due to guarantees are included in restricted cash presented in note 28.

43. Subsequent Events

Internal change of ownership and name

On 9 January 2024, Photon Energy Projects s.r.o. became 95% shareholder of Faget Solar Four S.R.L., and Photon Energy Engineering s.r.o. became shareholder of remaining 5%

On 27 February 2024, LERTA Magyarország Kft. has changed its name to Photon Energy Solutions HU Kft.

Connection of new power plant

In January 2024, powerplant with capacity 3.9 MWP in region Bocsa was connected and revalued.

Appointment of David Forth as Group CFO

The Management Board of Photon Energy Group ('The Group') announces that the Board of Directors has appointed David Forth as Group Chief Financial Officer, effective 1 February 2024. David Forth will take over this position from Georg Hotar, the Chief Executive Officer of the Group, who assumed the responsibilities of Interim CFO on 12 May 2023. Mr. Forth will report directly to the Board of Directors of Photon Energy Group.

The additional 2025 capacity auctions

On 14 March 2024, PSE S.A. (the Polish Transmission System Operator) conducted its additional auctions for each quarter of 2025. Photon Energy participated and secured 316 MW in capacity, with 315 MW designated for DSR (Demand Side Response) units. Including the previously contracted capacity, the Group's total maximum capacity contracted with PSE will be 326.088 MW in Q1 2025 and lower in the following quarters. The auction for Q1 cleared in the second round, while Q2, Q3 and

Q4 cleared in the eighth round, reflecting a lower demand for capacity in these quarters. Based on preliminary results, the Group secured an average price weighted by volume of PLN 172,168 (EUR 39,892) per MW/year, including the previously contracted capacity of 10 MW, ensuring contracted revenues of PLN 56.1 million (EUR 13 million) for 2025.

The additional tranche of loan on Czech SPVs level

On 15 April 2024, agreement for additional tranche of CZK 40 million was signed with UniCredit Czech Republic and Slovakia, a.s.. The due date of this tranche is 31 December 2025 and interest rate 3M PRIBOR + 1.9%.

VAT credit line

On 4 April 2024, the VAT credit line for the the following SPVs in Romania: Halton Solar srl, Brentford Solar srl, Faget Solar 3 srl, Kenton Solar srl, Greenford Solar srl. The overall facility is RON 25 million with interest of 3M ROBOR +0.375% and due date on 4 April 2025. This facility is going to be used for reimbursement of VAT receivables from the Romanian state.

Photon Energy Group

Standalone Financial Statements

For the Year Ended 31 December 2023

Company Balance Sheet as of 31 December 2023

(before profit appropriation)

In thousands of EUR	Note	31 December 2023	31 December 2022 restated
Assets			
A. Fixed assets		**121,709**	**79,813**
I. Intangible fixed assets		**15,278**	**15,293**
3. Concessions, licences and intellectual property	22	7	21
4. Goodwill	21	15,272	15,272
II Tangible fixed assets			0
III Financial fixed assets		**106,431**	**64,520**
1. Interest in group companies	45	66,476	55,788
2. Accounts receivable from group companies	46	22,106	776
3. Other participations	45	17,021	7,817
5. Treasury shares	48	828	139
B. Current assets		**110,619**	**114,443**
II Accounts receivable		**110,560**	**112,449**
1. Trade debtors	47	16,418	11,750
2. From group companies	46,47	77,051	97,516
4. Other accounts receivable	47	17,031	3,150
6. Prepayments and accrued income	47	60	33
IV Cash at banks and in hand	47	**59**	**1,994**
Assets		**232,328**	**194,257**

Equity and liabilities	Note	31 December 2023	31 December 2022
A. Equity	48	**134,277**	**107,016**
I. Called-up share capital		612	600
II. Share premium		53,798	53,636
III. Revaluation reserve		37,108	19,738
IV. Legal and statutory reserves		12	13
V. Other reserves*		2,674	2,115
VI. Retained earnings		30,913	13,949
Profit for the year		9,160	16,965
C. Long-term debt	49	**80,730**	**78,758**
2. Other bonds and private loans		78,539	76,511
7. Accounts payable to group companies		2,191	2,247
D. Current liabilities	50	**17,321**	**8,484**
2. Other bonds and private loans	49	529	3,670
5. Trade creditors		7,134	626
7. Accounts payable to group companies		8,289	3,870
11. Other liabilities		1,037	141
12. Accruals and deferred income		333	177
Equity and liabilities		**232,328**	**194,257**

*Revaluation reserve and the legal reserves are non-distributable

The notes on pages 165 to 179 are an integral part of these financial statements.

Company Income Statement for the Financial Year Ended 31 December 2023

In thousands of EUR	**Note**	**1 January – 31 December 2023**	**1 January – 31 December 2022**
Revenues	52	9,261	5,472
Other operating income	54	0	223
Total operating income		**9,261**	**5,695**
Costs of raw materials and consumables		0	0
Wages and salaries		-14	-29
Amortisation of intangible fixed assets and depreciation of tangible fixed assets		-14	0
Gain on derecognition of associate	8	0	2,182
Other operating expenses	54	-8,237	-5,462
Total operating expenses		**-8,265**	**-3,309**
Other interest income and similar income	55	9,670	2,587
Changes in value of fixed asset investments	56,57	3,194	615
Interest expense and similar expenses	56	-7,613	-7,046
Results before tax		**6,247**	**-1,458**
Taxes		0	0
Share in profit/loss of participations	57	2,913	18,423
Net result after tax		**9,160**	**16,965**

The notes on pages 165 to 179 are an integral part of these financial statements.

Photon Energy Group

Notes to the Company Financial Statements

For the Year Ended 31 December 2023

44. Accounting Information and Policies

44.1 Basis of Preparation

The company's standalone financial statements of Photon Energy N.V., KvK 51447126, (hereafter: the company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the company's standalone financial statements are prepared based on the accounting principles of recognition, measurement, and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Photon Energy N.V. should be read in conjunction with the consolidated financial statements.

All amounts are presented in EUR thousand, unless stated otherwise. The balance sheet and income statement include references. These refer to the notes.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union.

44.2 Financial Fixed Assets

43.2.1 Goodwill

Goodwill is measured initially as described under "Consolidated financial statements " in note 4.1.1. Goodwill is not amortised but it is tested for impairment annually. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. The carrying value of the cash-generating unit containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the company has control. The company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the company or its intermediate holding entities. They are derecognised from the date that control ceases.

The company applies the acquisition method to account for acquiring subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred by the company, liabilities incurred to the former owners of the acquiree and the equity interests issued by the company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date, and are subsumed in the net asset value of the investment in consolidated subsidiaries.

Acquisition-related costs are expensed as incurred.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. Share of profit in consolidated subsidiaries (net of tax) is presented in Share in profit/loss of participations.

Other investments include investment of the Company where the Company has no significant influence and other financial instruments, and are valued at fair value.

Changes in fair value of investments into equity instruments are recognised in Revaluation reserve in equity, changes in fair value of other financial instruments (derivatives) are recognised in Income statement in line Changes in value of fixed asset investments.

43.2.2 Investments in Consolidated Subsidiaries

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the company has control. The company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the company or its intermediate holding entities. They are derecognised from the date that control ceases.

The company applies the acquisition method to account for acquiring subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred by the company, liabilities incurred to the former owners of the acquiree and the equity interests issued by the company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date, and are subsumed in the net asset value of the investment in consolidated subsidiaries.

Acquisition-related costs are expensed as incurred.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. Share of profit in consolidated subsidiaries (net of tax) is presented in Share in profit/loss of participations.

Other investments include investment of the Company where the Company has no significant influence and other financial instruments, and are valued at fair value.

Changes in fair value of investments into equity instruments are recognised in Revaluation reserve in equity, changes in fair value of other financial instruments (derivatives) are recognised in Income statement in line Changes in value of fixed asset investments.

44.2.3 Revenues from Sale of Services (other income)

Revenues from sale of services (e.g.administration services) are recognised on regular and recurring basis for a fixed fee agreed CZ and SK SPVs on annual basis. No element of financing is deemed present as the sales are made with credit terms of 30 days, which is consistent with market practice.

44.2.4 Restatement of the comparative period

The company took over control of Lerta Group as 31 December 2022 when Photon Energy increased its shareholding from 56.75% to 85.62%. As at 31 December 2022 Photon gained full control effectively (described in detail in chapter 8). The acquisition accounting was prepared on a provisional basis. During preparation of these standalone financial statements the company completed the acquisition accounting as allowed by IFRS 3 and therefore revised comparative financial information.

In thousands of EUR	Fair value 31 December 2022 – provisional acquisition accounting	Change	Fair value 31 December 2022 – final acquisition accounting
Interest in group companies	6,344	-267	6,077
Goodwill arising from the acquisition	15,005	267	15,272
Total net assets acquired	**21,349**	**0**	**21,349**

45. Financial Fixed Assets

In thousands of EUR	31 December 2023	31 December 2022
Interests in group companies	66,476	56,055
Other participations	17,021	7,817
Total Financial Fixed Assets	**83,497**	**63,872**

Other non-current investments include following investments:

In thousands of EUR	Fair value at 31 December 2023	Fair value at 31 December 2022
Investment in Raygen Resources Pty Ltd ordinary shares	6,934	3,535
Investment in Raygen Resources Pty Ltd preference shares	3,527	1,978
Investment in Raygen Resources Pty Ltd convertible note	1,333	0
Investment in Valuetech	637	605
Share options	4,590	1,698
Total Other investments	**17,021**	**7,816**

The movements of the Financial Fixed assets can be shown as follows:

In thousands of EUR	Participating interests in group companies	Other investments	Shares not yet registered	Total
Balance at 31 December 2021	**30,882**	**8,007**	**1,740**	**40,629**
Share in result of participating interests	18,423	0	0	18,423
Sale of investments	-7	0	0	-7
Other movements	-132	0	0	-132
Share in PPE revaluation reserve s in participating interest	432	0	0	432
Share in derivatives revaluation in participating interest	2,514	0	0	2,514
Revaluation of investments-- OCI	0	0	0	0
Revaluation of investments-- PL	0	615	0	615
Dividend received by Company	-1,783	0	0	-1,783
Capital contribution	1,120	0	0	1,120
Currency reserve	-1,932	0	0	-1,932
Derecognition (change of category)	0	-1,410	-1,740	-3,150
New investments	195	605	0	800
Fair value of net assets acquired (Lerta)	6,343	0	0	6,343
Balance at 31 December 2022	**56,055**	**7,817**	**0**	**63,872**
Effect of the PPA adjustment	-267	0	0	-267
Balance at 31 December 2022 restated	**55,788**	**7,817**	**0**	**63,604**
Share in result of participating interests	2,913	0	0	2,913
Sale of investments	0	0	0	0
Other movements (system revaluation)	552	0	0	554
Acquisition of the Financial fixed asset	0	1,115	0	1,115
Share in PPE revaluation reserve s in participating interest	13,624	0	0	13,624
Share in derivatives revaluation in participating interest	260	0	0	260
Revaluation of investments- OCI	0	4,981	0	4,981
Revaluation of investments- PL	0	3,110	0	3,110
Dividend received by Company	-5,448	0	0	-5,448
Capital contribution	9	0	0	9
Currency reserve	298	0	0	298
Derecognition (change of category)	0	0	0	0
New investments	0	0	0	0
Fair value of net assets acquired (Lerta)	-1,521	0	0	-1,521
Balance at 31 December 2023	**66,476**	**17,021**	**0**	**83,497**

2023

A participating legal Company is under Dutch law a participation which exercises significant influence over the operating and financial policies (hereinafter: participation), valued using the equity method. This method means that the carrying amount of the investment is increased or decreased by the share in the results and changes in equity of the associate, less the dividend from the participation. The carrying amount, the share in the results and changes in equity are determined according to the principles of the holding. Result from the participation is recognised only in the case of net assets value higher than nil. Positive assets value is recognised only in case the previous negative value is covered sufficiently by the actual positive results from the participation.

Therefore, the direct changes in equity in the participations of PE NV are included in the standalone financial statements of the Company.

The direct equity movements of the subsidiaries of PENV consist of:

1) Revaluation of assets valued at fair value in the participations (decrease of value of assets)
2) Foreign currency translation differences in the participations
3) Effective portion of hedging derivatives in the participations

The Company measures interest in group companies at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. In case the net asset value is negative the Company considers the value of participation to be EUR 1. No impairment provision to the financial fixed assets has been recorded as at 31 December 2023 nor 2022. The unrecognized share of the loss for the period in the participation valued on the basis of equity accounting that is valued at zero as equal to EUR 3,265 thousand for the period and EUR 17,572 thousand cumulatively.

There are no obligations to cover the losses of the subsidiaries beyond the amount of unpaid share capital and therefore, the value of participations is not further increase by negative equity amounts.

Other investments include investment of the Company where the Company has no significant influence and other financial instruments, and are valued at fair value.

Changes in fair value of investments into equity instruments are recognised in Revaluation reserve in equity, changes in fair value of other financial instruments (derivatives) are recognised in Income statement in line Changes in value of fixed asset investments.

The Company, with statutory seat in Amsterdam, is the holding company and has the financial interests as disclosed under note 40.

The parent entity is not liable for the deficits of its subsidiaries and therefore no liability resulting from this has been recognized.

Business combination performed in 2022

The control and 100% ownership of Lerta Group was obtained fully as at 31 December 2022. Total consideration paid for the acquisition equals to EUR 21,349 thousand. As a result of this transaction, company booked goodwill in amount of EUR 15,272 thousand and fair value of net assets acquired in amount of EUR 5,458 thousand, which relates mostly to the capacity market contracts as described also in the note 8 Business combination and note 22 Intangible assets.

46. Accounts Receivable from Group Companies

In thousands of EUR	**31 December 2023**	**31 December 2022**
Accounts receivable from group companies – non current	22,106	776
Accounts receivable from group companies – current	77,051	97,516
Total loans provided	**99,157**	**98,292**

Movement schedule for loans provided:

In thousands of EUR	**2023**	**2022**
Opening balance	**98,292**	**95,225**
Newly provided loans	50,849	88,030
Accrued interest	7,770	2,502
Loans repayments/transfers	-59,046	-83,492
FX differences	1,292	-3,973
Closing balance	**99,157**	**98,292**

The balance of loans provided consists of the loans provided primarily to the companies within the Group and its increase is caused by provision of new funds during the year to the subsidiaries. Interest charged by PENV to its subsidiaries is 3% and the loans have mostly a short-term character and are due within one-year. Decrease in non-current accounts receivable from group companies was caused by the early repayment of the portion of the loan, and the outstanding amount is due in more than 1 year period.

The credit loss allowance for Loans provided to related parties is determined according to internal analysis of recoverability of these loans. Based on this analysis no ECL provisions were created as at 31 December 2023 and 31 December 2022.

47. Current Assets

In thousands of EUR	**31 December 2023**	**31 December 2022**
Trade debtors	16,418	11,750
Receivables from group companies	77,051	97,516
Other accounts receivable and prepayments	17,091	3,183
Cash at banks and in hand	59	1,994
Total current assets	**110,619**	**114,443**

Trade receivables fall due in less than one year, unless otherwise disclosed below.

The fair value of the receivables approximates the book value, due to their short-term character.

Trade debtors at 31 December 2023 include trade receivables from companies within the Group of EUR 16,418 thousand (2022: EUR 11,750 thousand).

Receivable from group companies of EUR 77,051 thousand (2022: 97,516 thousand) represent loans provided to group companies. These loans are due on 31 December 2024 and therefor are presented as current assets, interest charged on these loans based on the national interbank offered rate (according to the nominal currency of the loan) plus 3% margin.

Other accounts receivable include mainly loans receivables provided outside the Group of EUR 2090 thousand (2022: 1,841 thousand), receivables from investments settlements agreement inside the Group of EUR 10,773 thousand (2022: nill) and other short-term assets of EUR 3,814 thousand (2022: EUR: 837 thousand) and are due within one year.

Receivables from related parties (Georg Hotar and Michael Gartner) of EUR 414 thousand (2022: EUR 472 thousand) are included in Other account receivable, see also note 40 of consolidated financial statements. Interest charged on these loans is 3% and the loans have mostly a short-term character.

Cash at bank and in hand are freely disposable.

48. Shareholders' Equity

48.1 Reconciliation of Movement in Capital and Reserves

In thousands of EUR	Note	Issued share capital	Own treasury shares	Share premium	Revaluation reserve	Currency translation reserve	Hedging reserve	Treasury shares reserve	Non-controlling interest	Retained earnings	Unappro-priated result	Total equity
Balance at 1 January 2022		**600**	**-38**	**44,554**	**19,037**	**-1,046**	**2,579**	**38**	**-**	**9,945**	**3,667**	**79,336**
Foreign currency translation differences in participating interest		-	-	-	-	-1,933	-	-	-	-	-	-1,933
Transfer to retained earnings		-	-	-	-	-	-	-	-	3,667	-3,667	0
Derivatives		-	-	-	-	-	2,515	-	-	-	-	2,515
Revaluation of PPE and other investments		-	-	-	1,037	-	-	-	-	-	-	1,037
Other movements		-	38	300	-336	-	-	-25	-	337	-	314
New shares placed with premium		-	-	8,782	-	-	-	-	-	-	-	8,782
Actual result		-	-	-	-	-	-	-	-	-	16,965	16,965
Balance at 31 December 2022		**600**	**-**	**53,636**	**19,738**	**-2,979**	**5,094**	**13**	**-**	**13,949**	**16,965**	**107,016**
Foreign currency translation differences in participating interest		-	-	-	-	0	-	-	-	-	-	0
Transfer to retained earnings		-	-	-	-	-	-	-	-	16,965	-16,965	0
Derivatives		-	-	-	-	-	261	-	-	-	-	261
Revaluation of PPE and other investments		-	-	-	17,370	-	-	-	-	-	-	17,370
Other movements*		12	-	162	-1,521*	298	-	-1	-	-	-	471
New shares placed with premium		-	-	-	-	-	-	-	-	-		0
Actual result		-	-	-	-	-	-	-	-	-	9,160	9,160
Balance at 31 December 2023		**612**	**-**	**53,798**	**37,108**	**-2,681**	**5,355**	**12**	**-**	**30,913**	**9,160**	**134,277**

* The movement relates to the settlement of the acquisition of control share in Lerta S.A.

48.2 Share Capital and Share Premium

Ordinary Shares

The Company's share capital is EUR 612,385,000 divided into 61,238,521shares with a nominal value of EUR 0.01 each. The share capital is fully paid-up. Each of the 61,238,521 shares represent one vote at the General Meeting.

The holders of ordinary shares (except of Treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

Treasury Shares

At 31 December 2023 treasury shares included 1,481,781 ordinary shares of the Company (2022: 1,332,797ordinary shares) owned directly by the Company in the nominal value of 0.01 EUR per share. There is no pledge imposed on the shares. These ordinary shares carry no voting rights at the Shareholders Meeting.

Share premium represents the excess of contributions received over the nominal value of shares issued. Proceeds from allocation of treasury shares to employees in excess to nominal value of shares are also recorded in Share premium. Nominal value of sold treasury shares is recorded against Treasury shares reserve. There are no costs associated with the issue of the shares that could be deducted from the amount of share premium, so all amount of premium is considered to be fully paid for tax purposes.

On 25 June 2021, the Company announced the results of an offering of its existing treasury shares addressed to qualified investors. In total, 5 million shares were placed at a price of PLN 7.0, which corresponds to the gross amount of PLN 35.0 million. Total proceeds of EUR 7,766 thousand from the placement net of placement costs of EUR 442 thousand were recorded in Share premium.

On 20 December 2022 Photon Energy concluded an investment agreement with the founders of Lerta, i.e. Tomala Investments alternatywna spółka inwestycyjna sp. z.o.o. and Krzysztof Drożyński ('Founders' and/or each "Founder") and certain executive contracts to this agreement. Under the terms of this agreement, an additional equity stake of 7,449,750 shares, representing 43.25% of Lerta's equity was acquired by the Group for a combination of a PLN 2,160 thousand (EUR 462 thousand) cash consideration, the transfer of 2,300,110 treasury shares in Photon Energy and 1,238,521 Photon Energy shares to be newly issued in an in-kind contribution. As of 31 December 2022, Photon Energy N.V. acquired 4,972,708 shares in Lerta in the exchange of 2,300,110 treasury shares in Photon Energy and the above cash consideration to the Founders. As a result Photon Energy increased its shareholding in Lerta to 85.62%.

On 1 February 2023, on the basis of a General Meeting authorization from 31 May 2021, the Board of Directors decided to issue 1,238,521 new shares with a nominal value of EUR 0.01 each. The new shares were issued against a contribution in-kind consisting of 2,477,042 shares in Lerta S.A., in line with the above-mentioned investment agreement. Upon the completion of this transaction Photon Energy Group increased its shareholding in Lerta to 100% while the Founders of Lerta hold jointly approximately 5.78% of Photon Energy's fully issued share capital. The Founders are subject to a lock-up agreement on their Photon Energy's shares and have provided representations and warranties commensurate with this type of transaction. Borys Tomala, one of the Founders, will manage the Group's New Energy Division into which Lerta will be integrated while Krzysztof Drożyński, the other Founder, will act as Director of Advanced Technologies and remain responsible for the development of the AI-driven Virtual Power Plant software platform. The Founders will be subject to an earn-out and management incentive plan which, subject to the achievement of certain economic parameters by the New Energy Division in the financial year 2025, will entitle them to a maximum of 2,383,846 additional Photon Energy shares.

Other movement in the share premium of EUR 162 thousand (2022: EUR 300 thousand) includes payments to employees paid by shares.

Other movement in revaluation reserve of EUR 1,223 thousand represts the impact of the finalization of Lerta acquisition process.

In 2022 Other movement in revaluation reserve and retained earnings of EUR 336 thousand is reclassification of pre-acquistion revaluation of Lerta booked historically in Other comprehensive income and reclassified as part of the acquisition process.

Reserves

Reserves of the Company consist of the revaluation reserve, the currency translation reserve and the hedging reserve.

The revaluation reserve arises on the revaluation of photovoltaic power plant owned by the participation(s) and on the revaluation of fixed financial assets. Revaluation reserve from PPE amounted to EUR 28,591 thousand at 31 December 2023 (31 December 2022: EUR 16,813 thousand) and revaluation reserve arising from revaluation of other financial investments amounted to EUR 8,517 thousand at 31 December 2023 (31 December 2022: EUR 2,925 thousand).

Currency translation reserve includes all foreign translation exchange differences in the participations and amounted to EUR -2,681 thousand at 31 December 2023 (31 December 2022: EUR -2,979 thousand).

The hedging reserve includes results from hedging derivatives in the participations and amounted to EUR 5,355 thousand at 31 December 2022 (31 December 2022: EUR 5,094 thousand).

Unappropriated Result

To the General Meeting of Shareholders the following appropriation of the result 2023 will be proposed: the profit of EUR 9,160 thousand to be transferred and added to the retained earnings item in the shareholders' equity.

Unappropriated Result 2023 contains the amount of EUR 217 thousand of net profit of joint ventures, where the entity cannot control the distribution of these profits. This represent the legal reserve following article 389 subsection 6 of Book 2 of the Dutch Civil Code. This profits are regularly distributed to JV partners. The amount of EUR 91 thousand of net profit of joint ventures was distributed as a dividend to the Company in 2023.

Movement schedule of retained earnings:

In thousands of EUR	
Balance at 1 January 2022	**9,945**
Movements in 2022	4,003
Closing balance 31 December 2022	**13,948**
Movements in 2023	16,965
Closing balance 31 December 2023	**30,913**

Reconciliation of consolidated group equity with company equity

In thousands of EUR	31 December 2023	31 December 2022
Group equity	**69,504**	**70,475**
Non-controlling interest	-263	-197
Group equity attributable to owners of the Company	**69,767**	**70,672**
Non-attributable losses of financial interest recognised in equity*	64,510	36,344
Shareholders' equity (Company)	**134,277**	**107,016**

In thousands of EUR	31 December 2023	31 December 2022
Group total comprehensive income	**-425**	**7,672**
Profit/loss attributable to non-controlling interest	-66	-47
Group total comprehensive income attributable to the owners of the company	**-359**	**7,719**
Non-attributable losses of financial interest recognised in profit and loss*	9,519	9,246
Net result (Company)	**9,160**	**16,965**

*Non-attributable losses of financial interest recognised in equity relate to negative net assets of participations which are included in consolidated equity at their value but are not recognised in standalone financial statement of the Company, due to the fact, that value of the participation is set at EUR 1, see also note 45.

49. Long-Term Debt

In thousands of EUR	31 December 2023	31 December 2022
Other bonds – non current	78,539	76,511
Accounts payable to group companies	2,191	2,247
Total Long-Term Debt	**80,730**	**78,758**

As at 31 December 2023 and 2022 none of the Long term liabilities are due in more than 5 years. All of the debts included in the table above is due in more than one year.

Other bonds

In thousands of EUR	31 December 2023	31 December 2022
Other bonds – current	529	3,670
Other bonds – non current	78,539	76,511
Total	**79,068**	**80,181**

Movement schedule for issued bonds:

In thousands of EUR	2023	2022
Opening balance	**80,181**	**81,330**
Newly issued bonds	1,885	22,500
Placement cost paid	-75	-331
Repayments of principal	-3,146	-23,719
Accrued interest	5,608	6,213
Coupon paid	-5,352	-5,898
FX differences	-33	86
Closing balance	**79,068**	**80,181**

In November 2021, the Group has issued an EUR green bond with annual coupon of 6.50% and maturity in November 2027 (six-year maturity). The EUR green bond 2021/27 was offered to bondholders of the existing 2017/2022 EUR bond in form of an exchange offer and as a result, EUR 21,281 thousand were exchanged. The principal amount of EUR 50,000 thousand was oversubscribed and the overall volume of the new green bond was increased to EUR 55,000 thousand. Total amount of placement costs paid for the issuance/exchange of the Green bond amounted to EUR 1,202 thousand. Exchange bonus paid to existing bondholder of EUR 420 thousand was recognised in Gains less losses on derecognition of financial liabilities while the remaining amount of EUR 782 thousand is included in the amortised amount of the Issued bonds and will be recognised as interest expense from Issued bonds using effective interest rate.

The EUR green bonds 2021/27 are traded on the unregulated market segments of the Stock Exchanges in Frankfurt, Berlin, Hamburg, Hannover, Munich, Düsseldorf and Stuttgart. The net proceeds of the transaction are allowed to be used only for financing and expanding eligible assets in accordance with its Green Financing Framework.

In May 2022, the Company tapped its EUR green bond 2021/27 in the amount of EUR 10,000 thousand to a total outstanding amount of EUR 65 million. In October 2022 and November 2022, the Company tapped the bond in the amount of another EUR 12,500 thousand to a total outstanding amount of EUR 77,500 thousand.

The bonds from the second tap in autumn, were also offered to bondholders of the existing 2017/2022 corporate bonds in form of an exchange offer with a 1.5% loyalty premium plus the difference in net accrued interest on each exchanged bond. After the exchange the outstanding volume of the corporate EUR bond 2017/22 was EUR 15.232 million and was fully repaid together with the final interest payment to the bondholders on 27 October 2022. Total amount of placement costs paid for the tapping/exchange of the Green bond amounted to EUR 451 thousand. Exchange bonus paid to existing bondholder of EUR 114 thousand was recognised in Gains less losses on derecognition of financial liabilities while the remaining amount of EUR 337 thousand is included in the amortised amount of the Issued bonds and will be recognised as interest expense from Issued bonds using effective interest rate.

In q1 2023, another EUR 2,500 thousand was tapped and outstanding balance of EUR bonds reached EUR 80,000 thousand. In September and October 2023, Company rebought from market bond in nominal value of EUR 596 thousand.

CZK bond 2016/23 issued in October 2016 has an annual coupon of 6%, with an outstanding nominal amount of EUR 3,146 thousand as of 31 December 2022 (2021: EUR 3,052 thousand) which was repaid in December 2023. CZK bonds 2016/23 were traded on the unregulated market segment of the Prague Stock Exchange.

Accrued interest of EUR 529 thousand at 31 December 2023 for EUR Green bond (2022: EUR 524 thousand) is presented within current liabilities.

Movement schedule for non current liabilities:

In thousands of EUR	2023	2022
Opening balance	**2,247**	**2,180**
FX revaluation	-117	67
Closing balance	**2,130**	**2,247**

50. Current Liabilities

In thousands of EUR	31 December 2023	31 December 2022
Accounts payable from group companies	8,289	3,870
Other bonds and private loans	529	3,670
Trade payables	7,134	626
Accruals and deferred income	333	177
Other liabilities	1,037	141
Total Current Liabilities	**17,321**	**8,484**

All current liabilities fall due in less than one year, unless otherwise disclosed below.

Other bonds and private loans included in current liabilities as 31 December 2022 include CZK bonds which matured in December 2023 and short-term portion of the Green bond.

All loans included in the above table are provided by the subsidiaries of the entity.

Remaining other payables consisted of Company's liabilities from VAT, liabilities towards employees, advances or resulting from the cash transfers within the Group.

Accounts payable from group companies of EUR 8,289 thousand represent loans from group companies. These loans are due on 31 December 2023 and therefor are presented as current liabilities, interest charged on these loans is based on the national interbank offered rate (according to the nominal currency of the loan) plus 3% margin.

The fair value of the accounts payable from group companies approximates the book value, due to their short-term character.

Applicable tax rate for the year 2023 is equal to rate of 25%.

51. Financial Instruments

51.1 General

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital also apply to the company financial statements of Photon Energy N.V.

No derivative financial instruments are being used at parent company level.

51.2 Fair Value

The fair value of the financial instruments stated on the balance sheet, including cash at bank and in hand and current liabilities, is close to the carrying amount.

Fair value of long term liabilities to group companies is close to the carrying amount.

Fair value of issued bonds is disclosed below:

Issued bonds

In thousands of EUR	Amortised amount		Fair value	
	2023	2022	2023	2022
Current liabilities				
CZK bond 2016/23	0	3,146	0	3,127
Green bond 2021/27	529	524	528	0
Non-current liabilities				
Green bond 2021/27	78,539	76,511	79,743	70,284
Total	**79,068**	**80,181**	**80,271**	**73,411**

51.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The table below shows liabilities at 31 December 2023 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows.

In thousands of EUR	Carrying amount	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years	Contractual cash flows
Financial liabilities						
Accounts payable to group S-T	8,289	8,971	0	0	0	8,971
Accounts payable to group L-T	2,130	0	2,582	0	0	2,582
Bonds	79,128	5,160	5,160	89,724	0	100,044
Total future payments, including future principal and interest payments	**89,547**	**14,131**	**7,742**	**89,724**	**0**	**111,597**

Accounts receivable/payable from group companies represent loans from/to group companies. Interest charged on these loans is based on the national interbank offered rate (according to the nominal currency of the loan) plus 3% margin

52. Revenues

In thousands of EUR	2023	2022
Revenues from provision of services	9,261	5,472
Total revenues	**9,261**	**5,472**

Revenues from provision of services of EUR 7,963 thousand (2022: 5,472 thousand) represent management services provided to the companies in the Group charged as management fees within the Group. Out of the total revenues, EUR 2,574 thousand was charged in Netherlands, EUR 1,372 thousand was charged in Romania, EUR 1,531 thousand was charged in the Czech republic, EUR 277 thousand was charged in Hungary, EUR 1,169 thousand was charged in Switzerland, amount of EUR 770 thousand was charged in Poland, the remaining amount EUR 270 thousand Australia and Germany. EUR 1,298 thousand in revenues represent administrative fees charged to Czech and Slovak SPVs.

Gain on derecognition of associate of EUR 2,182 thousand relates to the revaluation of the original share in Lerta entity before the acquisition of the controlling interest as at the year-end as described in note 8.

53. Other Operating Income

In thousands of EUR	2023	2022
Other income	0	223
Total other operating income	**0**	**223**

In 2022, other income included payment from Valuetech for future profit.

54. Other Operating Expenses

In thousands of EUR	2023	2022
Consulting services	-7,269	-4,299
Audit and accounting services	-568	-288
Investment relations costs	-98	-41
Legal	-141	-88
Miscellaneous	-161	-746
Other Operating Expenses	**-8,237**	**-5,462**

Audit fees are presented separately in note 59.

55. Other Interest Income and Similar Income

In thousands of EUR	2023	2022
Interest Income	9,670	2,587
Revaluation of financial participation	2,892	615
Other Income	302	0
Other Interest Income and Similar Income	**12,864**	**3,202**

Interest Income from group companies and related parties amounted in 2023 to EUR 9,670 thousand (2022: EUR 2,587 thousand). Revaluation of EUR 2,892 thousand (2022: EUR 615 thousand) relates to revaluation of RayGen investment.

56. Other Interest Expense and Similar Expense

In thousands of EUR	2023	2022
Interest expense	-7,209	-6,374
Exchange bonus paid	0	-114
Other expense	-404	-558
Other Interest Expense and Similar Expense	**-7,613**	**-7,046**

Exchange bonus paid to existing bondholder of EUR 114 thousand was recognised in Other Interest Expense and Similar Expense. Remaining amount of placement fees paid of EUR 337 thousand is included in the amortised amount of the Issued bonds and will be recognised as interest expense from Issued bonds using effective interest rate. (see also note 49).

Interest expense from group companies amounted in 2023 to 1,447 EUR thousand (2022: EUR 126 thousand).

Other expense of EUR 404 thousand (2022: EUR 558thousand) include mainly FX losses and bank fees.

57. Share in Results from Participating Interests

An amount of EUR 2,913 thousand (profit) of share in results from participating interests relates to group companies (2022: profit of EUR 18,423 thousand).

58. Employee Benefits and Information

The company has only employee (2022: 1 employee) who is working in the Netherlands. No employees are working outside of the Netherlands.

The two members of the board of directors are not employees of the Company and did not receive any compensation during 2023 nor 2022 for their duties serving on the board of directors for the Group of entities.

More information on management compensation is included in note 40 of consolidated financial statements and note 57 of standalone financial statements.

59. Fees of the Auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by PricewaterhouseCoopers to the Company in 2023:

2023:

In thousands of EUR	PricewaterhouseCoopers Accountants N.V.	Other PricewaterhouseCoopers firms and affiliates	Total
Statutory audit of annual accounts	170	245	415
Other audit procedures	0	0	0
Tax services	0	0	0
Other non-audit services	0	0	0

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by PricewaterhouseCoopers to the Company in 2022:

2022:

In thousands of EUR	PricewaterhouseCoopers Accountants N.V.	Other PricewaterhouseCoopers firms and affiliates	Total
Statutory audit of annual accounts	126	120	246
Other audit procedures	0	0	0
Tax services	0	0	0
Other non-audit services	6	0	6

60. Related Parties

60.1 Transactions with Key Management Personnel

Key Management Personnel Compensation

Key management personnel did not obtain any compensation for their activity for Photon Energy N.V. in 2023 nor 2022. Further information on key management compensation is included in the consolidated financial statements for 2023, note 40.

Key Management Personnel and Director

As at 31 December 2023 the directors of the Company control 73,84 % (2022: 72.65%) of the voting shares of the Company. The Directors hold positions in other group entities that result in having control or significant influence over the financial or operating policies of these entities.

Emoluments of Directors and Supervisory Directors

No emoluments, including pension obligations as intended in Section 2:383(1) of the Netherlands Civil Code were charged in the financial period to the Company.

Amsterdam, 30 April 2024

The Board of Directors:

Georg Hotar, Director

Michael Gartner, Director

The Supervisory Board:

Marek Skreta, Chairman

Bogusława Skowroński, Member

Ariel Sergio Davidoff, Member

Original signed.

Photon Energy Group

Other Information

Other Information

I. Provisions in the Articles of Association Governing the Appropriation of Profit

According to article 20 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity are greater than the paid-up and called-up part of the capital plus the legally required reserves.

For a list of affiliated legal entities and corporations in conformity with articles 379 and 414, Book 2 of the Dutch Civil Code belonging to Photon Energy N.V., Amsterdam, reference is made to Note 41 of the Consolidated financial statements.

II. Independent Auditor's Report

The independent auditor's report is set forth on the next pages.

Independent auditor's report

To: the general meeting of shareholders and the supervisory board of Photon Energy N.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion:

- the consolidated financial statements of Photon Energy N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as of 31 December 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the standalone financial statements of Photon Energy N.V. ('the Company') give a true and fair view of the financial position of the Company as of 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of Photon Energy N.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the standalone financial statements of the Company.

The consolidated financial statements comprise:

- the consolidated statement of financial position as of 31 December 2023;
- the following consolidated statements for the year ended 31 December 2023: statement of comprehensive income, statement of changes in equity, and statement of cash flows; and
- the notes to the consolidated financial statements for the year ended 31 December 2023, including material accounting policy information and other explanatory information.

The standalone financial statements comprise:

- the company balance sheet as of 31 December 2023;
- the company income statement for the year then ended; and
- the notes to the company financial statements for the year ended 31 December 2023, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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The basis for our opinion

We conducted our audit in accordance with Dutch Law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Photon Energy N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

Photon Energy N.V. is a joint-stock company that mainly specialises in the development, construction, and operation of photovoltaic power plants. The consolidated financial statements of the Group incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries); therefore, we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of the design of our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made important judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, among other matters, the assumptions underlying the physical and transition risk related to climate change.

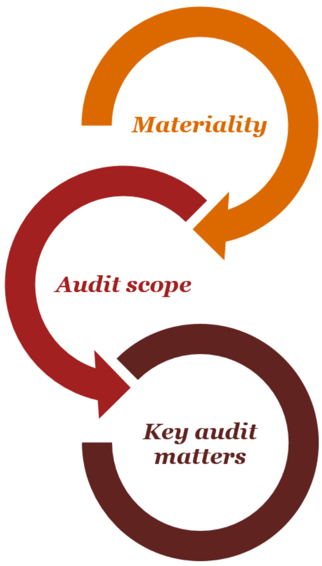
In note 'Use of Estimates and Judgments' of the consolidated financial statements, management describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significance of management judgements, estimates and assumptions in the areas of going concern, valuation of photovoltaic power plants, purchase price allocation accounting in relation to the Lerta acquisition, and valuation of goodwill, we considered those to be the key audit matters as set out in the section 'Key audit matters' of this report.

In 2023, Group management continued assessing possible effects of climate change on its financial position. For more information, please refer to the sections ‘Climate Change-related Risks’ and ‘Sustainability’ of the ‘Directors' Report’ in which management defined potential physical as well as transitional risks, risk mitigating activities, risk governance and social conduct commitments.
We discussed Photon Energy N.V.’s assessment and governance thereof with management as well as the supervisory board and evaluated the potential impact on the financial position, including underlying assumptions and estimates. We concluded the impact of climate change to be an area of focus that is not a key audit matter.

Apart from key audit matters and the impact from the climate change on our audit, as described above, other areas of focus in our audit were related to recognition of revenue from construction contracts, valuation of derivatives and non-traded investments.

We ensured that the audit team included the appropriate skills and competences that are needed for the audit of a photovoltaic power business. We therefore included experts and specialists in the areas of, among others, information technology, taxation, business recovery and valuation in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: €497,500.

Audit scope
- We conducted audit work at the head office of the Group. Because of the centralised structure, the entire Group was audited by one engagement team.
- All subsidiaries of the Group (components) were included in the scope of the audit.
- Audit coverage: we performed the audit of the financial statements for the Group as a whole and tested all material financial statement line items.

Key audit matters
- Going concern.
- Valuation of the photovoltaic power plants.
- Purchase price allocation in relation to the Lerta acquisition.
- Valuation of goodwill.

Materiality
The scope of our audit was influenced by the application of materiality, which is further explained in the section ‘Our responsibilities for the audit of the financial statements’.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below.

These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€497,500 (2022: €594,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 0.7% of Total Revenue. In prior year, we used 2.5% of EBITDA.
Rationale for benchmark applied	Given significant fluctuation in EBITDA (benchmark we used in prior year) we updated our stakeholder analysis and noted that besides EBITDA, revenue is an appropriate benchmark. Our decision was based on the following considerations: • Total revenue is one of the main Key Performance Indicators for management given the focus on growth of market share. • Given that the company is operating in a dynamic renewables energy segment, investors would normally focus on company growth and respective revenues. • Revenue is a common benchmark in the power-generating industry.
Component materiality	In relation to ISA 600, we did not allocate the overall group materiality but targeted all material financial statement line items regardless of which component's transactions it contains.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with management and the supervisory board that we would report to them any misstatement identified during our audit above €49,700 (2022: €59,400) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Photon Energy N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Photon Energy N.V. We refer to note 'Group Entities' of the consolidated financial statements for the details of the Group structure.

We tailored the scope of our audit to ensure that we, in aggregate, performed sufficient coverage on the financial statements to enable us to provide an opinion on the financial statements as a whole, considering the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level. We conducted audit work over the financial statements as a whole, including all components and covered all significant financial statement line items and transactions of the Group.

The Group accounting function is centralised in Prague (Czech Republic) and the Group is managed as a single operating unit with multiple segments. The Group applies a centralised IT system for its business processes and financial reporting.

We have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the consolidated financial statements.

Audit approach fraud risks

As in all of our audits, we identified and assessed the risk of material misstatement of the financial statements due to fraud. We evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption.

During our audit, we obtained an understanding of Photon Energy N.V. and its environment and the components of the internal control system. This included obtaining understanding over management's risk assessment and the processes for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks, including how the supervisory board exercised oversight, as well as the outcomes thereof. We refer to section 'Culture and Core Values' and 'Assessment of the Internal Control, Internal Audit, Risk Management, Compliance Systems' of the Directors' Report for description of governance structure and policies in place, on which management relies when managing the risk of fraud.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatement due to fraud and in particular the fraud risk assessment, as well as the code of conduct and 'whistle-blowing' procedures, among other things.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets, and bribery and corruption. We assessed whether these factors indicate that a risk of material misstatement due to fraud is present. In doing this, we:

- performed an inquiry of supervisory board members as to fraud risks and related party transactions to identify the areas of their concerns in relation to fraud;
- inquired with executive management as to whether they have any knowledge of (suspected) fraud, their views on overall fraud risks within the Group and their perspectives on the Group's mitigating controls addressing the risk of fraud. We also discussed management's process for identifying fraud risks and process for responding to fraud risks;
- observed that the entity has implemented a 'whistle-blowing' mechanism by inspecting the most recent employee communication identifying appropriate work of this mechanism;
- inquired with accounting personnel and other employees about known fraud and error risks in the entity and the financial statements; management's communication to employees of its views on business practices and ethical behaviour, whether they have knowledge of any actual, suspected, or alleged fraud;
- assessed the IT environment around key systems. We paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	***Our audit work and observations***
Risk of management override of controls It is generally presumed that management is in a unique position to perpetrate fraud because of the available opportunity to manipulate accounting records and prepare fraudulent financial statements by overriding manual controls, such as those related to journal entries, related party transactions, significant accounting estimates, etc. Management measures performance of the group through monitoring EBITDA and revenue, which are considered key performance indicators. A focus on meeting financial targets could provide to management an incentive for bypassing of controls.	Where relevant to our audit, we evaluated the design and effectiveness of controls in the processes of generating and processing journal entries. We assessed whether deficiencies in controls may create additional opportunities for fraud and incorporated respective corroborative procedures in our audit approach. We paid specific attention to non-routine transactions and areas of significant management judgement. We considered the outcome of our audit procedures over the estimates and significant accounting areas and assessed whether control deficiencies and misstatements identified could be indicative of fraud. Where necessary, we planned and performed additional auditing procedures to ensure that fraud risks are sufficiently addressed in our audit. We evaluated key accounting estimates and judgements used in accounting areas where management judgement is applied (e.g. going concern, valuation of photovoltaic power plants, valuation of goodwill and purchase price allocation accounting in relation to investment transactions) for biases, including retrospective reviews of prior year's estimates where available. We performed data analysis focused on journal entries related to the fraud risk factors identified during fraud risk assessment. Where we identified instances of unexpected journal entries, we performed audit procedures. We evaluated whether the business rationale (or lack thereof) of the significant transactions concluded in 2023 suggests that the Group may have entered into those to engage in fraudulent financial reporting or to conceal misappropriation of assets. We incorporated an element of unpredictability in the nature, timing, and extent of audit procedures. We performed substantive testing procedures on the consolidation entries. Our audit procedures did not identify indications of specific fraud or suspicions of fraud with respect to management override of controls.
Risk of fraud in revenue recognition As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we considered the risk of fraud in revenue recognition.	We discussed and inquired with executive management about the tone at the top, to assess the extent to which not meeting targets has an impact on career opportunities or bonuses within the Company, and whether they have any knowledge of (suspected) fraud. In our conversations, we addressed their views on overall fraud risks within the Group and their perspectives on the Group's mitigating controls addressing the risk of fraud in revenue.

Identified fraud risks	*Our audit work and observations*
This relates to the presumed management incentive that exists to overstate revenue in order to meet financial targets or shareholder expectations. In this context, we consider this as a risk of fraud focussed to overstating revenue through the recording of non-existent transactions or premature revenue recognition.	Where relevant to our audit, we have evaluated the design of the internal control measures that are intended to mitigate the risk of fraud and error in revenue recognition and assessed the effectiveness of those measures. We also paid specific attention to the processes surrounding the relevant IT systems. Through data analysis, we tested unexpected journal entries and performed relevant testing on revenue transactions throughout the year and the receivable balances at year end. We did not identify specific indications of fraud or suspicion of fraud in respect of revenue recognition.

We incorporated an element of unpredictability in our audit. We reviewed lawyers' letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

We refer to key audit matter 'Going concern' as included in the section 'Key audit matters' for further information on our audit procedures regarding the going-concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to management and the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

In comparison to prior year's report, the valuation of the call option for the purchase of investments, related to the investment in the non-traded company Raygen, is no longer considered to be a key audit matter due to the limited changes in management assumptions and therefore reduced risk for the financial statements.

We raised a new key audit matter relating to going concern due to deteriorated Group performance in 2023. Given the possible pervasive impact on the financial statements, we deem the going-concern assumption to be of most significance in the audit of the financial statements. The matter constitutes a key audit matter due to the judgements and assumptions management applied in their forecast over their future operating performance. The 'valuation of goodwill' associated with the subsidiary (Lerta S.A.) acquisition is considered a key audit matter due to the size and nature of the balance, including the judgement and assumptions applied by management.

Key audit matter	*Our audit work and observations*
Going concern *Note 2.1 of the consolidated financial statements* As disclosed in the section 'Going Concern' in note 2.1 of the financial statements, management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risk) such as falling energy prices and delays in the commissioning of the new power plant in Romania. Management is of the opinion that they have sufficiently mitigated the going-concern risk with actions and plans such as: • increasing focus on third-party Engineering, procurement, and construction (EPC) business within the one-year period; • changing from merchant scheme to Feed in Tariff scheme in Hungary and the Czech Republic; • investments in innovations; • planned rebalancing of the asset portfolio and selling assets; • obtaining new financing agreements. Management's most significant assumptions underlying their actions and plans relate to the ability to: • shift the focus on the EPC business; • to change from merchant scheme to Feed in Tariff scheme; • generate revenues from the investments in innovations; • sell projects and assets; • secure refinance agreements. Due to the possible pervasive impact on the financial statements, we considered management's assumption that Photon Energy N.V. is a going concern and will continue its operations for at least twelve months from the date of preparation of the financial statements as a key audit matter.	Our procedures regarding the evaluation of the appropriateness of management's use of the going-concern basis of accounting for at least twelve months from the date of preparation of the financial statements, including management's actions and plans to address the identified going-concern risk and the adequacy of the related disclosures included, among other matters the following: • based on our knowledge obtained regarding the entity, its environment and current financial situation, we assessed whether the information obtained regarding events or conditions that may result in going-concern risks has been included in management's assessment; • we have read the terms of financing agreements and determined whether any have been breached and read relevant communication with lenders; • we have performed inquiries of executive management as to their knowledge of going-concern risks beyond the period of management's assessment; Regarding management's actions and plans and underlying assumptions: • we evaluated management's current budget including cash flows for at least twelve months from the date of preparation of the financial statements taking into account current developments in the industry and all relevant information of which we are aware as a result of our audit, such as contracts with EPC clients, contracts based on Feed in Tariff schemes and communication with third parties on the sale of assets; • we analysed whether the current and the required financing per management's cash flow forecast has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants; • we analysed the financial position at balance sheet date in comparison to prior year's year end to assess whether events or circumstances exist that may lead to a going-concern risk;

Key audit matter	*Our audit work and observations*
	• We reviewed management's sensitivity analysis over the cash-flow forecasts (pessimistic scenario) as well as performed our own sensitivity analysis over the management's cash-flow forecasts (worst case scenario). We evaluated whether the going-concern risk including management's plans to address the identified risk and the most significant underlying assumptions have been sufficiently described in the notes to the financial statements. We found the disclosure in section 'Going Concern' in note 2.1 of the financial statements to be adequate. We concluded that management's use of the going-concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
Valuation of the photovoltaic power plants *Notes 5.1, 19 and 38 of the consolidated financial statements* As of 31 December 2023, photovoltaic plants represent the biggest part of the total asset value of the Group. The Group measures photovoltaic power plants at fair value less depreciation in accordance with IAS 16 'Property, plant and equipment' and IFRS 13 'Fair Value Measurement', which are determined by income approach. Under this approach, the fair value of photovoltaic power plants is based on the Discounted Cash Flow model (DCF). This valuation is significant to our audit due to complexity and judgement applied within the assessment process. As of 31 December 2023, the cash flow projections are prepared for the period equalling the estimated useful life of power plants and are based on expected electricity tariffs (where feed-in-tariffs are applied) or prices on the relevant markets (where merchant pricing scheme is applied) discounted at weighted average cost of capital.	As part of our audit procedures, we performed an evaluation of the Group's accounting policy and methods for valuation of photovoltaic power plants. We checked the appropriateness of the method used under IAS 16 Property, plant and equipment, IFRS 13 Fair Value Measurement, and industry norms. We assessed the competence, capabilities, and experience of management to prepare the valuation and verified their qualifications. We challenged management's assumptions with reference to the internal and external sources of information to verify that assumptions used fall within an acceptable range. The expected volume of electricity production for selected power plants was agreed upon in the independent yield studies, considering a seasonal factor. We also inspected the technical documentation for the sampled historic production volumes and performed look-back analysis. On a sample basis, we inspected the technical documentation for historic operating, maintenance, and capital expenses.

Key audit matter	Our audit work and observations
The assumptions used in the DCF model include the expected production volume, operating and capital expenditures, discount rates and prices of electricity and large-scale green certificates (LGCs) for merchant models. Valuation of assets using the DCF model requires significant management judgment. We consider valuation of photovoltaic power plants to be a key audit matter because estimates, and assumptions used in the DCF model are inherently susceptible to higher risk of material misstatement.	Expected operating and capital expenditures are compared to external studies and market practices considering the size of the selected power plants. Together with our valuation experts, we evaluated the reasonableness of the discount rates based on inputs independently sourced from market data and comparable companies. We tested the sensitivity of changes in the significant assumptions and evaluated their impact on the DCF model. We have evaluated the expected prices and large-scale generation certificates (LGCs) together with our valuation experts to publicly available forwards/futures prices of electricity in relevant markets. We considered the appropriateness of relevant disclosures provided in the consolidated financial statements. Our audit procedures did not result in any material findings with respect to the valuation of photovoltaic power plants and related disclosures.
Purchase price allocation in relation to the Lerta acquisition *Note 8, 21 and 22 of the consolidated financial statements* During 2022, the Group gradually increased its share in Lerta Spółka Akcyjna to 85.62%, giving it the possibility to assume control. The total consideration paid for the acquisition consists of cash and non-cash considerations. The transfer of the remaining 14.38% was completed in 2023. In accordance with IFRS 3, 'Business Combinations', the accounting for this acquisition requires management to perform a purchase price allocation that requires significant judgement by management to determine the fair value of the identifiable assets and liabilities in line with IFRS 13 'Fair Value Measurement' and the resulting goodwill. As part of the valuation process, management involved external valuation experts to assist in the determination of the PPA and valuation of identified assets and liabilities.	We involve auditor's experts to verify appropriateness of methodology applied in final purchase price allocation. We corroborated the completeness of intangible assets defined by management. We agreed transaction details to supporting documentation such as signed purchase agreements and proof of payment. We furthermore evaluated the competence, capabilities and objectivity of valuation experts engaged by management. We assessed the methodology and key accounting estimates applied to valuation of intangible assets identified by management (i.e. capacity market contracts and software) and that they are measured as defined by IFRS 13. We compared the assumptions and data underlying the weighted average cost of capital (WACC) with our own assumptions and publicly available data and tested the computational accuracy of the fair value measurement calculations prepared by management and their valuation experts.

Key audit matter	*Our audit work and observations*
The final purchase price allocation was completed during 2023 and the fair values of assets were adjusted together with final value of goodwill comparing to preliminary purchase price allocation prepared during 2022. The purchase price allocation requires management to make discretionary decisions, estimates and assumptions. Changes in these assumptions may have a material impact on the fair values assumed. Due to the matter described, we consider the business combination and in particular the purchase price allocation as a key audit matter in our audit.	We tested the reasonability of future cash flow forecasts and underlying management assumptions applied to valuation of intangible asset (capacity markets) through reconciliation to signed capacity market contracts existing at acquisition date on sample basis. We examined the disclosures on the acquisition made in the notes in accordance with the requirements of IFRS 3. In respect of the audit procedures specified above, no material findings were identified.
Valuation of goodwill *Note 21 of the consolidated financial statements* As of 31 December 2023, the Company's goodwill is valued at €15.3 million and fully relates to the acquisition of Lerta Spółka Akcyjna. This goodwill forms a separate cash-generating unit (CGU) to the extent that it independently generates cash inflows. If and to the extent to which this CGU includes goodwill, or shows signs of impairment, the recoverable amount is assessed. The key assumptions and sensitivities are disclosed in note 21 to the consolidated financial statements. The annual impairment test for goodwill is significant to our audit because the assessment process is complex, involves significant management judgements and is based on assumptions regarding expected future market and economic conditions, revenue growth, margin developments, discount rates and terminal growth rates. Based on the annual goodwill impairment test, including sensitivity tests, management concluded that no impairment of goodwill and other intangibles with indefinite useful lives was necessary. We identified the valuation of goodwill as a key audit matter due to significant estimates and assumptions used with respect to, among others, discount rates, cash-flow forecasts and growth rates.	As part of our audit procedures, we involved auditor's experts to verify appropriateness of methodology applied in impairment testing and to verify appropriateness of discount rate used. We assessed reasonableness of key assumptions used by management in their calculation. We performed analysis to assess the reasonableness of forecasted revenues and margins and obtained further explanations when considered necessary. We compared the long-term growth rates used in determining the terminal value with economic and industry forecasts. We performed retrospective review of the original assumptions used in the budget within the purchase price allocation and further challenged management in case of change of assumption since the acquisition. We tested the mathematical accuracy of the model and performed sensitivity analysis of the calculation on key assumptions. We verified that goodwill is allocated to the appropriate cash generating unit. Finally, we assessed the appropriateness of the disclosure of the key assumptions and sensitivities underlying the test. Based on the audit procedures performed, we found the assumptions to be reasonable and supported by the available evidence.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the Directors' Report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Directors' Report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. Management and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Photon Energy N.V. on 4 December 2020 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 4 December 2020. Our appointment has been renewed annually by the shareholders and now represents a total period of uninterrupted engagement of four years.

European Single Electronic Format (ESEF)

Photon Energy N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the marked-up consolidated financial statements, as included in the reporting package by Photon Energy N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included among other matters:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 'Fees of the Auditor' to the Company financial statements 2023 of Photon Energy N.V.

Responsibilities for the financial statements and the audit

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. Management should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board and audit committee are responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 30 April 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by: A.G.J. Gerritsen RA

Appendix to our auditor's report on the financial statements 2023 of Photon Energy N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with management and the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide management and the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with management and the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Photon Energy Group

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